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IN THE

Supreme Court of the United States

OCTOBER TERM, 1959

No. 734

BERNARD M. WOLFE and FREDERICK J. DANNENFELSER, individuals and co-partners, doing business under the names and styles "Dutch Paint Co." and "Manning-Mitchell Paint Co.",

Petitioners,

vs.

NATIONAL LEAD COMPANY, a corporation,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

BRIEF IN OPPOSITION

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STATUTES

28 U. S. C. § 1254(1)

IN THE

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ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

Brief in Opposition.

Petitioners seek review of a final judgment of the United States Court of Appeals for the Ninth Circuit entered on November 27, 1959, affirming a judgment in respondent's favor for profits and damages arising out of petitioners' infringement of respondent's "Dutch Boy" trademark. In seeking such review petitioners invoke this Court's jurisdiction under 28 U. S. C. § 1254(1).

Petitioners also seek review of a judgment of the same Court entered on May 17, 1955, holding petitioners guilty of deliberate and willful trademark infringement and unfair competition, and in that connection they ask for a "reconsideration" by this Court of the denial of their petition for a writ of certiorari to review that earlier judgment (*Wolfe et al., doing business as Dutch Paint Co., etc.* v. *National Lead Co.*, No. 357, October Term, 1955, November 7, 1955, 350 U. S. 883).

Statement of the Case.

While the petition ostensibly seeks review of the later judgment of the Court of Appeals affirming the District Court's judgment on the accounting for profits and damages, it is evident that petitioners are primarily seeking a review of the earlier judgment of the Court of Appeals dealing with the substantive issues of this litigation.

The questions set out in the petition and the argument that follows assume facts which are not supported by the record. In addition, the petition neglects to state the salient facts as found by the Court of Appeals and established by the record. Accordingly, it becomes necessary for us to set forth these facts in order that the Court may have a proper perspective of the issues that have actually been determined in this litigation, which began in October, 1949.

Respondent is the owner of the registered trademark "Dutch Boy," which it has extensively used and advertised for various paints and paint products for more than forty years. The validity of this trademark is not questioned by petitioners and was expressly sustained by the Court of Appeals (223 F. 2d at 197-199).

The infringing marks are "Dutch," "Dutch Paint" and "Dutch Paint Co.," used by petitioners in the sale of paints and paint products.

Petitioners entered the paint business in 1946 under the name of "Manning-Mitchell, Inc." and "in the same year they acquired for some $9,000 a partnership concern known as 'Dutch Paint Co.' at San Francisco which operated a small paint factory and which had on hand some labels marked 'Dutch Paint'." (223 F. 2d at 198).[1]

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[1] Petitioners seek to give the impression that the "Dutch Paint Co." had offered "Dutch" paint to the public since 1941 (petition, pp. 6-7, 8, 16), although the Court of Appeals stated:

> "The district court's findings erroneously recite that this Dutch Paint Co. had been producing 'Dutch Paint' since 1941. There is no evidence upon the subject other than that 'Dutch Paint Co.' was listed in the telephone book from 1941 on. When it began producing, or when it made its 'Dutch Paint' labels, does not appear." (223 F. 2d at pp. 198-199, f.n. 2).

In 1947 petitioners began to emphasize the names "Dutch" and "Dutch Paint" (RA. 1888-89, 1894, 656-8, 944, 965, 978)[2] and embarked on an extensive campaign of false and misleading advertising designed to create the impression that their "Dutch" paint was in fact respondent's famous "Dutch Boy" paint sold at a lower price, or was a cheaper line put out by the makers of "Dutch Boy." Although they had never been in business before the war, and had never advertised their paints nationally, their advertisements featured the slogans, "New, Lower Than Pre-War Prices on Dutch Paint (PX 168; DX Z, 1-E, 1-F, 5-W, 5-Z), "Nationally Advertised Dutch Paint" (DX 6-F), and "Quality Famous Dutch Paint" (DX 6-H)—listed as "$6.00 paints" selling at "$2.95," "Half Price," or "50% of the Normal Price" (DX 1-G, 1-H, 1-J, 6-G, 6-H).[3]

These statements were all false as to petitioners' "Dutch" paints, but were clearly applicable to respondent's "Dutch Boy" paints. The prices listed were petitioners' regular prices (RA. 1023), but were about 50% of the price of "Dutch Boy" (RA. 1691, 1731, 1733); the products advertised had no pre-war prices; they were not nationally advertised and were not quality famous. The Court of Appeals properly characterized petitioners' advertising program as "intentionally false and misleading and done with a purpose on their part of deceiving purchasers" (223 F. 2d at 202).

This purpose of deceiving purchasers was fully achieved. The record contains uncontradicted proof of over 290 instances of actual confusion of the trade and the consuming

[2] In using the references "RA." and "RB." we are following the similar references in the petition—namely, to the Record on Appeal No. 13,737 before this Court in the October Term, 1955 (No. 357) and the Record on Appeal No. 16, 157 before this Court on the instant petition, respectively. The symbols "PX" and "DX" are used to denote petitioners' and respondent's exhibits, respectively, in the earlier Record on Appeal.

[3] Many of the fraudulent advertisements appeared subsequent to June, 1949 (see 156 F. Supp. at 889). This conclusively refutes the contention that petitioners were then acting in good faith in reliance upon the advice of counsel (see petition, pp. 15-17, and *infra*, p. 7).

public. These included paint dealers, painters, industrial users and retail customers located in approximately 20 communities in California, as well as in other towns and cities in Washington, Oregon, Idaho, Utah, Wyoming, Nevada and Hawaii (see 223 F. 2d at 201).

The Decisions Below

Petitioners brought a suit for declaratory judgment, seeking vindication of their use of the terms "Dutch" and "Dutch Paint" and, in turn, respondent counterclaimed for infringement and unfair competition. The trial was conducted before Judge ERSKINE, who died before decision and in July, 1951 the record was submitted to Judge MURPHY for decision (RA. 2514-2518). In July, 1952, Judge MURPHY decided the case in petitioners' favor without opinion (RA. 30-31). After adoption of petitioners' proposed findings without change, judgment was entered in January, 1953 for petitioners, declaring that there had been no infringement or unfair competition (RA. 84-86).

The Court of Appeals made an exhaustive and comprehensive review of the facts and the law and unanimously reversed the District Court. It held that the District Court's findings and conclusions were "clearly erroneous" (223 F. 2d at 201, and *passim*).[4]

After discussing the largely uncontradicted evidence, the Court of Appeals held that the petitioners' marks "Dutch," "Dutch Paint" and "Dutch Paint Co." were confusingly similar to "Dutch Boy" in appearance, sound and meaning, and that there was not only a strong likeli-

[4] With respect to the trial court's findings on the issue of confusion, the Court of Appeals stated:

> "Notwithstanding this extensive proof not only of likelihood of confusion but of actual confusion as well, and notwithstanding the evidence was uncontradicated, the trial court found that there were no purchasers who were confused as between defendant's and plaintiffs' products and concluded that there was a lack of similarity because the names differed in sound, significance and appearance. We are unable to perceive how the court could have made such a finding in the light of this record." (223 F. 2d at 201.)

hood of confusion but also, in fact, widespread public confusion (223 F. 2d at 201)..

The Court of Appeals held that the petitioners had been guilty of "false and misleading advertising" and of "a deliberate and intentional design to cause confusion and mistake and to deceive purchasers." Having found intentional infringement, it remanded the case with directions to dismiss petitioners' complaint, to grant respondent an injunction and to proceed to take an accounting of petitioners' profits and respondent's damages (223 F. 2d at 205-206).

The Court of Appeals rejected petitioners' contention that there could be no trademark rights to the word "Dutch" because of its geographical significance, pointing out that both petitioners and respondent were using the word in a fictitious, arbirtary and fanciful manner and not in any geographical or descriptive sense (223 F. 2d at 199, 200). Neither party imports paint from Holland.

Petitioners had also contended that by reason of third party uses of the word "Dutch," either alone or in combination with other words, "Dutch" had become *publici juris*. In holding that there was no merit to this argument, the Court of Appeals said (223 F. 2d at 204):

> "A study of the 39 listed uses of the word 'Dutch' reveals that some of them are duplications, some relate to uses discontinued many years ago, some were used but to a limited extent and in single communities or limited localities far from the Pacific Coast to which appellees' operations were confined, and for the most part in the eastern portion of the United States, and some with respect to which there was no proof of any sale whatever; some relate to non-paint products such as floor wax. The remaining proven third party uses of the word 'Dutch' in connection with paint sale or manufacture are too inconsequential to establish a claim of *publici juris* or the claim that appellant's mark has become a weak mark or to justify on any other theory the acts of these

appellees. It may be that some of these third persons may also have been guilty of wrongful infringement, but such would not be a defense or justification for the appellees. It is no excuse for them to say that others have been guilty of the same wrong. *Del Monte Special Food Co.* v. *California Packing Corp.*, 9 Cir., 34 F. 2d 774; *Potter-Wrightington, Inc.* v. *Ward Baking Co.*, 1 Cir., 298 F. 398, affirming D. C., 288 F. 597."

Following the remand, the parties appeared before the District Court on the accounting proceeding. At the trial on this phase of the case respondent submitted the report of Harold E. Keenan, a retired accountant formerly in its employ, which established that on a sales ratio method (i.e., the ratio of petitioners' sales of "Dutch" paint to total sales applied against petitioners' total profits) the profits accruing to petitioners in the sale of their "Dutch" paint were approximately $402,500 (Pltfs. Ex. 2, Def. Ex. J in the accounting trial). Petitioners' evidence (although largely unsupported and speculative) did indicate that perhaps "Dutch" paint had a higher manufacturing cost than the other types of paint sold by petitioners and that in certain years unusual profits may have been made by petitioners in non-"Dutch" transactions. Accordingly, respondent in the interest of fairness suggested to the District Judge that the Keenan report be modified to take into account these factors. The trial court adopted this suggestion (156 F. Supp. at 888-889) so that the ultimate judgment for profits, with other deductions made by the District Court, came to $178,657.86 (Appendix A to petition, p. 75) instead of approximately $402,500 that would have resulted from a strict application of the sales ratio method.[5]

[5] On page 7 of their petition, petitioners indicate that the total "Dutch" profits were only $109,637.21, but this results from subtracting the losses on "Dutch" paint in certain fiscal years from the profits made in other years. While petitioners had contended that this was the proper method to employ, both the District Court and the Court of Appeals held otherwise, relying upon the well-settled principle that an infringer will not be permitted to set off losses in certain periods against profits made by his infringement in other periods. (156 F. Supp. at 890, 272 F. 2d at 870; see *Duplate Corporation* v. *Triplex Safety Glass Co.*, 298 U. S. 448, 458 [1936]).

The District Court also awarded damages of $60,800, representing legal fees paid by respondent to San Francisco counsel (Appendix A to petition, pp. 74, 75).

The judgment of the District Court was affirmed in all respects by the Court of Appeals (272 F. 2d 867).

One of the contentions advanced by petitioners before the Court of Appeals was that they were not accountable for profits made by them during the period when they were relying in "good faith" upon the advice of counsel. Petitioners also contended that they were not liable for profits made during the period when the judgment of the District Court on the issue of infringement was in effect. In each instance petitioners claimed that they were acting innocently and in good faith. The Court of Appeals summarily disposed of this argument in the following words (272 F. 2d at 871):

> "It [petitioners' conduct] was not innocent, however, in its inception. As has been judicially determined, it was a deliberate and fraudulent appropriation to himself of the good will of appellee. Throughout this period, Wolfe [both petitioners were referred to as 'Wolfe'] had full knowledge of the facts and of appellee's claim of infringement. Whether he believed himself to be within the law or not, he was knowingly and deliberately cashing in upon the good will of appellee. This is such an infringement as will justify an accounting of profits. *Lawrence-Williams Co.* v. *Societe Enfants Gombault et Cie.*, 6 Cir., 1931, 52 F. 2d 774. This course moreover continued after reversal by this Court and until halted by order of the District Court in response to our mandate. One may view with some skepticism the proposition that the conduct of Wolfe from time to time throughout this continuing and constant course of infringement assumed an aspect of innocence wholly free from the original fraudulent intent."

Questions Presented.

We show below in our Argument that the questions set forth in the petition (petition, p. 3) are not the ones presented for review in this Court. In reality, petitioners, for the second time, are seeking further review on the merits in this Court of the issues of fact which were fully considered and determined by the Court of Appeals in its thorough and well-reasoned 1955 opinion.

Argument.

The first question set out in the petition (p. 3) is whether the use of the mark "Dutch Paint" and the tradename "Dutch Paint Company" constitutes infringement of, and unfair competition with, respondent's "Dutch Boy" trademark.

After stating the question, petitioners never again refer to it. Instead, by way of implied confession and avoidance, they argue:

1. That the word "Dutch" (the common feature in both petitioners' and respondent's marks) has been used in a descriptive and geographical sense in the paint industry and thus is "incapable of exclusive appropriation by anyone" (petition, pp. 8, 10, 11-14);

2. That "genuine 'Dutch' paint products" have been imported into this country from the Netherlands since 1902 (petition, p. 9);

3. That the decision below grants respondent "a monopoly over the otherwise unprotectable word *per se*" (petition, p. 9) which respondent "has now extended * * * to the public in general" (petition, p. 19);

4. That the finding of fraudulent conduct cannot stand in view of the fact that petitioners acted on the advice of trademark counsel, whose opinion was con-

firmed by respondent's "counsel" (petition, pp. 14-17); and

5. That the authorities cited by the Court of Appeals in its 1955 opinion do not support the judgment (petition, pp. 21-26).

All of these contentions are either factually untrue, irrelevant, or legally unsound.

By avoiding discussion of the first of the "Questions Presented," petitioners have succeeded only in giving a distorted picture of this case; they have failed to present the real questions sought to be reviewed; and they have simply ignored the findings made by the court below on uncontroverted evidence.

The principal issues below concerned the trademark infringement and unfair competition practiced by the petitioners in their use of the offending marks "Dutch," "Dutch Paint" and "Dutch Paint Co." As to trademark infringement, the questions were:

1. Was respondent's mark "Dutch Boy" a valid trademark?

2. Was petitioners' use of the accused marks likely to confuse the paint purchasing public?

The findings of the court below on both questions were clear and unequivocal. As to the first, the Court of Appeals said (223 F. 2d at 199):

> "The record shows beyond possible controversy that the appellants [respondent] had a trade mark valid both at common law and under the applicable federal acts. Neither the word 'Dutch', nor the words 'Dutch Boy' are used otherwise than in a fictitious, arbitrary and fanciful manner. Of course the word 'Dutch' is capable of being used as a geographical term. If used to indicate a product made in Holland or by some Dutch process, it could be a descriptive term. However, the record shows with-

> out doubt that appellant's trade mark does not contain words having either a geographical or descriptive sense. In this respect the case is governed by *Hamilton-Brown Shoe Co.* v. *Wolf Brothers & Co.*, 240 U. S. 251, 36 S. Ct. 269, 271, 60 L. Ed. 629, where the court said: 'We do not regard the words "The American Girl," adopted and employed by complainant in connection with shoes of its manufacture, as being a geographical or descriptive term. It does not signify that the shoes are manufactured in America, or intended to be sold or used in America, nor does it indicate the quality or characteristics of the shoes. Indeed, it does not, in its primary signification, indicate shoes at all. It is a fanciful designation, arbitrarily selected by complainant's predecessors to designate shoes of their manufacture. We are convinced that it was subject to appropriation for that purpose, and it abundantly appears to have been appropriated and used by complainant and those under whom it claims. * * * "The American Girl" would be as descriptive of almost any article of manufacture as of shoes; that is to say, not descriptive at all.' "

The findings were equally clear on the second question. The Court of Appeals found that respondent's trademark and the marks used by petitioners were confusingly similar in appearance, sound and meaning, when considered by themselves,[6] and that, in addition, the uncontradicted evidence showed "some 290 instances in which paint dealers, painters, industrial users of paints and retail customers

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[6] The finding of confusing similarity of "Dutch" and "Dutch Boy" is supported by an overwhelming body of authority. See, e.g., *Brooks Bros.* v. *Brooks Clothing of California*, 158 F. 2d 798 (9th Cir. 1947), aff'g 69 F. Supp. 442 (S. D. Cal. 1945), cert. denied 331 U. S. 824 ("Brooks Brothers" infringed by "Brooks"); *Thomas G. Plant Co.* v. *May Co.*, 105 Fed. 375 (6th Cir. 1900; "Queen Quality" infringed by "Queen"); *Century Distilling Co.* v. *Continentental Distilling Co.*, 106 F. 2d 486 (3rd Cir. 1939; "Dixie Belle" infringed by "Dixiana"); *United Drug Co.* v. *Obear-Nester Glass Co.*, 111 F. 2d 997 (8th Cir. 1940; "Rex" infringed by "Rexall"); *American Viscose Corp.* v. *Crown Craft, Inc.*, 28 F. Supp. 884 (S. D. N. Y. 1939; "Crown" infringed by "Crown Craft"); *Industrial Rayon Corp.* v. *Dutchess Underwear Corp.*, 92 F. 2d 33 (2nd Cir. 1937), cert. denied 303 U. S. 640 ("Spun-lo" infringed by "Sunglo").

were actually deceived or misled by the appellees' [petitioners'] use of 'Dutch,' 'Dutch Paint,' 'Dutch Paint Company', and by their advertisements, into believing that appellees' paints were actually the appellant's [respondent's] Dutch Boy paints" (223 F. 2d at 201).

On the issue of unfair competition, the Court of Appeals said (223 F. 2d at 205):

> "What we have said heretofore has in terms referred to the trade-mark infringement. That, however, is but one aspect of the larger field of unfair competition. It requires no extended discussion in view of what we have said to demonstrate that the acts here complained of are not only an infringement of trade-mark but they constitute acts of unfair competition.
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> * * * * *
>
> "In order to make out a case of unfair competition, it is only required that the natural and necessary consequence of appellees' conduct in this respect was such as to cause deception. The case of *Ross-Whitney Corp.* v. *Smith Kline & French Lab.*, 9 Cir., 207 F. 2d 190, sufficiently demonstrates that wholly apart from trade-mark infringement, the appellant had here made out a case of unfair competition and that the court below had jurisdiction thereof."

The Court then concluded that in view of petitioners' "deliberate and intentional design to cause confusion and mistake and to deceive purchasers, the conclusion must be that whether the cause be viewed as one of unfair competition or as one of infringement of a registered trade-mark, appellant [respondent] is entitled not merely to relief by injunction but to an accounting of profits and damages as well" (ibid.).

We now turn to the specific arguments presented in the petition.

1. Petitioners' first contention outlined above is based upon an obvious distortion of the findings made by the

Court of Appeals. Petitioners admittedly did not use "Dutch" either descriptively or geographically (RA. 2292-2293). Their paints were manufactured in the United States; they were not imported from Holland. Furthermore, the Court of Appeals expressly held that respondent used the word "Dutch" in a fictitious, arbitrary and fanciful manner (223 F. 2d at 199). It emphasized that its decision would have no effect upon the use of "Dutch" in its proper sense:

> ". . . no one questions the possibility of using the word 'Dutch' in a geographical or descriptive sense." (223 F. 2d at 204).

The Court of Appeals made it abundantly clear that petitioners had not brought themselves within the privilege of a truthful use of "Dutch":

> "The fact that 'Dutch' as a dictionary term has a geographical significance and that it would be possible for a manufacturer to use that word in connection with his business in its primary geographical sense is beside the point here. Thus one who manufactures paint in Holland cannot be restrained from selling his product as 'Dutch' paint any more than a watch manufacturer in Switzerland can be prevented from selling his 'Swiss' watches. No use of the word 'Dutch' in a geographical sense is involved here. . . .
>
> . . . . . .
>
> As the appellees [petitioners] are not making their paints in Holland or using any Dutch processes or giving them any distinctive Dutch quality, the fact that others might have done so is of no significance in this case." (223 F. 2d at 200.)

In short, the fact that others may use "Dutch" truthfully in a non-confusing manner does not give petitioners a license to deceive the public.

2. Petitioners' second point (that paints produced in the Netherlands have been imported into this country since 1902) is wholly irrelevant. As noted above, the Court of

Appeals expressly held that "one who manufactures paint in Holland cannot be restrained from selling his product as 'Dutch' paint" (223 F. 2d at 200). Thus, it is clear, the decision would not affect the right of genuine Dutch manufacturers from selling "Dutch" paint in this country.

3. What we have said above in answer to petitioners' first argument applies with equal force to their third contention. It is obvious that the Court of Appeals did not grant respondent a "monopoly" in the word "Dutch." Nor is there any support in the record for the assertion that respondent "has now extended this monopoly to the public in general" (petition, p. 19). The fact that approximately fifteen users of the word "Dutch" in the paint field have agreed, without litigation, to discontinue use of that term certainly cannot justify petitioners' fraudulent infringement and unfair competition. Nor, does it establish that respondent has a "monopoly" of "Dutch." Nothing in the decision of the Court of Appeals forbids the truthful, non-confusing use of the term "Dutch" by anyone.[7]

4. In their next argument (denominated "3", see petition, pp. 14-17) petitioners apparently take issue with the findings below of deliberate and intentional infringement. They also assert that the judgment awarded on the accounting represents a "windfall" for respondent and deprives them of their property "without due process of law" (petition, p. 14).[8]

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[7] For this reason, the cases cited on page 20 of the petition are wholly inapplicable.

[8] Petitioners complain of the size of the judgment awarded below ($178,657.86 in "Dutch" profits, plus attorneys' fees of $60,800) and state that only the very wealthy could face such a judgment without bankruptcy (petition, p. 14). Aside from the fact that the judgment for profits was reduced, partly at the suggestion of respondent (see 156 F. Supp. at 888-889), from a potential liability of approximately $402,500 to the sum indicated, it should be noted that petitioners' own exhibit (Pltfs. Ex. 2 in the accounting proceeding) shows that over the ten year period from 1946 to 1956 petitioners' "Total Sales" were more than $4,000,000 and their "Net Profit from Operations" totalled approximately $627,000. The record also establishes that the net income of petitioners' paint business from January 1, 1946 to April 30, 1950 was in excess of $392,000 (RB. 425).

First, petitioners claim that the paint business which they acquired in 1946 was "a going concern which had used the trade name 'Dutch Paint Co.' continuously since August, 1941" (petition, p. 15). We have already shown (p. 2, footnote 1) that the Court of Appeals found that the record contained no proof as to when this concern began producing "Dutch" paint or as to when it made its "Dutch Paint" labels. The record does establish, however, that petitioners in 1946 paid only some $9,000 for the small paint factory known as "Dutch Paint Co." (see 223 F. 2d at 198) and that this company then had only a few customers (from 12 to 35, according to the testimony of petitioner Wolfe, see RA. 628-629).

Petitioners next assert that the advice given them in the spring of 1948 by a San Francisco attorney concerning their right to use the "Dutch" label absolves them from any findings of fraudulent conduct (petition, pp. 15, 16). On the second appeal this claim was summarily rejected by the Court of Appeals (see p. 7, above).

In any event, however, petitioners cannot successfully contend that this advice gave them carte blanche to engage in an extensive fraudulent advertising campaign, much of which occurred after June, 1949 (see 156 F. Supp. at 889), to hoodwink the paint purchasing public into the belief that their "Dutch" paint was the "Famous Quality" paint known as "Dutch Boy," or otherwise to use their mark in an effort to poach upon the "commercial magnetism" of respondent's well known trademark (cf. *Mishawaka Mfg. Co.* v. *Kresge Co.*, 316 U. S. 203, 205 [1942]).

The issue of petitioners' fraudulent conduct was succinctly summarized by the Court of Appeals in the following language (223 F. 2d at 205-206):

> "As for appellant's rights under the trade-mark acts, since this is not a case where there has been 'no showing of fraud or palming off', cf. *Champion*

> *Spark Plug Co.* v. *Sanders*, 331 U. S. 125, 131 67 S. Ct. 1136, 1139, 91 L. Ed. 1386, but where the showing is quite to the contrary and the intentional misleading has been demonstrated, appellant is entitled not merely to an injunction as prayed for but to an accounting of appellees' profits and a recovery of any damages sustained under the provisions of Title 15 U.S.C.A. § 1117, pursuant to the rule of *Mishawaka Rubber & Woolen Mfg. Co.* v. *S. S. Kresge Co.*, 316 U. S. 203, 62 S. Ct., 1022, 86 L. Ed. 1381."

Petitioners quote (petition, p. 15) from an inter-office memorandum of respondent (which they never saw until after this action was begun) and assert that this "confirmed" the opinion of their own counsel. They also claim that the person writing this memorandum was respondent's "attorney" or "counsel" (see Question 2[c], petition, p. 3, and petition, p. 16, last line). Petitioners make these astounding assertions despite the fact that the Court of Appeals expressly stated (223 F. 2d at 203):

> "The writer of the letter was not a lawyer; the letter was an intra-company communication, never addressed to anyone outside the appellant company [respondent], and there was no reliance upon it by appellees [petitioners]. Cf. *Aunt Jemima Mills Co.* v. *Rigney & Co.*, 2 Cir., 247 F. 407."

Petitioners assert that under all of these circumstances it would be a strange rule of reason to subject a party to a quarter of a million dollar judgment (petition, p. 16).[2] The simple answer to this is that in view of their deliberate and wholesale fraud, petitioners should consider themselves fortunate that the judgment was not larger.

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[2] Petitioners imply that the judgment below gave them no salary for their own efforts in making sales (petition, p. 16). Actually, on the accounting the District Judge allowed each of the petitioners a corporate salary of $1,000 per month as a deduction from "Dutch" profits (see 156 F. Supp. at 892).

5. Petitioners contend that the authorities relied upon by the Court of Appeals do not support its judgment (petition, pp. 21-26). Nothing could be further from the mark. The precedents were analyzed in our brief in opposition to the 1955 petition for certiorari (No. 357, October Term, 1955) and need not be repeated here.

The Court of Appeals, in 1955, reviewed the facts and the law as was its function under the Rules and settled case authority, and upon determining that the findings and conclusions of the District Court were "clearly erroneous," it properly reversed the judgment below.[10]

Conclusion.

The Court of Appeals in 1955 correctly found petitioners guilty of fraudulent infringement and unfair competition. Its decision is fully supported by the authorities and the Court of Appeals properly served the public policy by enjoining the continuation of petitioners' deliberate scheme to confuse and mislead the public. The decision of the Court of Appeals in 1959, affirming the judgment for profits and damages, is similarly fully supported by the authorities.

There is thus no conflict between either decision below and any decision of this Court or of any Court of Appeals. On the contrary, there is no important question of Federal

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[10] See Rule 52(a), Federal Rules of Civil Procedure. Since the District Judge decided the case solely on the written record and did not hear or see the witnesses, the scope of review by the Court of Appeals was even broader than in the ordinary case. See, e.g., *Smyth* v. *Barneson*, 181 F. 2d 143, 144 (9th Cir. 1950); *Equitable Life Assurance Society* v. *Irelan*, 123 F. 2d 462, 464 (9th Cir. 1941); *Orvis* v. *Higgins*, 180 F. 2d 537, 539 (2nd Cir. 1950); *Jonah* v. *Armstrong*, 52 F. 2d 343, 345 (10th Cir. 1931); *Hopkins* v. *Texas Co.*, 62 F. 2d 691 (10th Cir. 1933), cert. denied 290 U. S. 629; *Federal Deposit Ins. Corp.* v. *Siraco*, 174 F. 2d 360, 363 (2nd Cir. 1949); *F. W. Stock & Sons, Inc.* v. *Thompson*, 194 F. 2d 493, 495-496 (6th Cir. 1952). In the Court of Appeals petitioners did not dispute the broad review permitted to that Court under these authorities, and merely urged that the findings and conclusions of the District Court were correct.

law involved which has not already been settled by this Court.

Accordingly, respondent respectfully urges that the petition be denied.

March 23, 1960

Respectfully submitted,

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JAMES R. BROWNING, Clerk

In the Supreme Court
OF THE
United States

OCTOBER TERM, 1959.

No. 734

BERNARD M. WOLFE and FREDERICK J. DANNENFELSER, individuals and co-partners, doing business under the names and styles "Dutch Paint Company" and "Manning-Mitchell Paint Company," *Petitioners,*

vs.

NATIONAL LEAD COMPANY, a corporation, *Respondent.*

PETITION FOR THE WRIT OF CERTIORARI
to the United States Court of Appeals
for the Ninth Circuit

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In the Supreme Court
OF THE
United States

OCTOBER TERM, 1959

No.

BERNARD M. WOLFE and FREDERICK J. DANNENFELSER, individuals and co-partners, doing business under the names and styles "Dutch Paint Company" and "Manning-Mitchell Paint Company," *Petitioners,*

vs.

NATIONAL LEAD COMPANY, a corporation, *Respondent.*

PETITION FOR THE WRIT OF CERTIORARI
to the United States Court of Appeals
for the Ninth Circuit

Petitioners pray that the writ of certiorari issue to review a final judgment of the United States Court of Appeals for the Ninth Circuit entered on its Docket No. 16157 on November 27, 1959; and to review an

interlocutory judgment of the United States Court of Appeals for the Ninth Circuit entered on its Docket No. 13737 on May 17, 1955. Petitioners further pray for a reconsideration by this Court of the denial of their petition to review the interlocutory judgment entered May 17, 1955 (October term, 1955, *Wolfe et al., doing business as Dutch Paint Co., etc., v. National Lead Co.*, November 7, 1955, 350 U.S. 883).

CITATIONS TO OPINIONS BELOW

The District Court made no opinion on the merits of the cause. Its findings of fact and conclusions of law (RA. 62-84)[1] are unreported and are reproduced in Appendix A, pages 2-23. The interlocutory opinion of the Court of Appeals is reported in 223 F.2d 195 and is reproduced in Appendix A, pages 26-49. Following remand of the cause pursuant to the interlocutory opinion of the Court of Appeals, the District Court made two opinions; the first (RB. 35-52)[2] is reported at 156 F.Supp. 883 and is reproduced in Appendix A, pages 53-68, and the second (RB. 53-72) is unreported and is reproduced in Appendix A, pages 69-75. The final opinion of the Court of Appeals (RB. 433-440) is reported in 272 F.2d 867 and is reproduced in Appendix A, pages 77-86.

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[1]The record references (RA _____) in this petition refer to the pages of the record on Appeal No. 13,737 before this Court in the October term, 1955, No. 357.

[2]The record references (RB _____) in this petition refer to the pages of the record on Appeal No. 16,157 before this Court on the instant transcript.

JURISDICTION

The final judgment of the Court of Appeals was entered on November 27, 1959 (RB. 441). Jurisdiction of this Court is invoked under U. S. Code, Title 28, Section 1254(1). Jurisdiction of this Court over the interlocutory judgment is based upon *Kellogg Co. v. Nat. Biscuit Co.* (1938) 305 U.S. 111, 115-116; *Smith v. McCullough* (1926) 270 U.S. 456, 461; *Hamilton Shoe Co. v. Wolf Brothers* (1916) 240 U.S. 251, 257-258; *United States v. Denver & R.G.R.R.* (1903) 191 U.S. 84, 93; *Panama Railroad v. Napier Shipping Co.* (1897) 166 U.S. 280, 283-284; and dictum in *Toledo Co. v. Computing Co.* (1923) 261 U.S. 399, 418.

QUESTIONS PRESENTED

1. Does the use of the trade-mark "Dutch Paint" and the trade-name "Dutch Paint Company" constitute infringement of, and unfair competition with, the trade-mark "Dutch Boy"?

2. Can a person be held guilty of fraudulent adoption of a trade-mark and a trade-name when

(a) the trade-mark and trade-name usage were established by his predecessor a number of years before he acquired the business in question;

(b) his attorney had given him an opinion that his conduct was lawful;

(c) the attorney for the claimant had given the claimant an opinion that such use of the trade-mark and trade-name was lawful; and

(d) a United States District Court had held that his conduct was lawful?

STATUTES INVOLVED

Act of February 20, 1905, c. 592, Section 5, 33 Stats. 724, at 726, as amended by the Act of March 2, 1907, c. 2573, 34 Stats. 1251; as amended by the Act of February 18, 1911, c. 113, 36 Stats. 918, at 919, as amended by the Act of January 8, 1913, c. 7, 37 Stats. 649, which provides without substantial change throughout the various amendments of Section 5:

> "* * * no mark which consists * * * merely in words or devices which are descriptive of the goods with which they are used, or of the character or quality of such goods, or merely a geographical name or term, shall be registered under the terms of this Act: * * *."

Act of July 5, 1946, c. 540, Section 49, 60 Stat. 446:

> "Nothing herein [in this chapter] shall adversely affect the rights or the enforcement of rights in marks acquired in good faith prior to the effective date of this Act [July 5, 1947]."

STATEMENT OF THE CASE

Petitioners brought a civil action for declaratory judgment against respondent alleging that they and their predecessors had been engaged in the business of manufacturing and selling paints and paint products since as early as August 1941; that they had employed

the trade name "Dutch Paint Co." and the trade name "Dutch Paint" in conducting their business; and that a controversy arose from certain notices of infringement which respondent sent petitioners charging them with infringement of United States Trademark Registration No. 351,264 issued October 26, 1937 for the trade-mark "Dutch Boy" (R.A. 3-12). Respondent, in a counterclaim, charged petitioners with trade-mark infringement and unfair competition (RA. 15-20).

The trial before the late Hon. Herbert W. Erskine took 25 court days (RA. 62, App. A, 2). The record comprises 2426 printed pages (RA. 88-2513). There were approximately 3,000 pages of typed transcript and approximately 450 exhibits (RA. 2515).

After briefing but before oral argument Judge Erskine passed away (RA. 2514) and the parties by stipulation submitted the cause on the original record for decision by the Hon. Edward P. Murphy (RA. 63, App. A 3). Oral arguments on this record took six court days (RA. 63, App. A 3).

Upon this extensive record and these complete arguments, Judge Murphy granted petitioners the declaratory judgment for which they prayed and dismissed respondent's counterclaim (RA. 84-86, App. A, pages 24-25). This judgment was supported by detailed findings of fact and conclusions of law (RA. 62-84, App. A, 2-23).

Upon review, the Court of Appeals refused to follow the findings of fact of the District Court; made its own fact determinations; reversed the judgment of the

District Court; and remanded the cause to the District Court with directions to dismiss the petitioners' complaint, to grant the respondent an injunction, to proceed to take an accounting of the petitioners' profits, and to determine the respondent's damages (RA. 2533-2548, App. A 26-47; RB. 29-31, App. A 47-49).

After having ordered an accounting, the District Court entered judgment in favor of respondent and against petitioners in the sum of $239,457.86 (RB. 72-73, App. A, 76) representing profits in the sum of $178,657.86 and attorneys' fees in the sum of $60,800 (RB. 59-60, App. A, 74-75). The Court of Appeals affirmed (RB. 441, App. A, 87).

This petition seeks review of the final judgment of the Court of Appeals as well as the interlocutory proceedings leading up to the entry of judgment.

REASONS FOR GRANTING THE WRIT

Preliminary Facts

Petitioners on May 10, 1946, bought the Dutch Paint Company, a small paint factory in San Francisco. At the time of this purchase, Dutch Paint Company was producing and selling products under the "Dutch" label (RA. 65, Finding 10, App. A, 5-6). The predecessor company was an established business at the time petitioners acquired it. It had been in existence since March of 1941 (RA. 495). It registered in the San Francisco Recorder, a local legal paper, as the Dutch

Paint Company in July of 1941 (RA. 495). It advertised continuously in both the alphabetic and classified sections of the San Francisco Telephone Directory commencing with the August, 1941 issue (RA. 961-964). When petitioners bought this business, it was producing about 100 gallons of "Dutch" paint a day (RA. 483) and it had a number of established customers (RA. 479-480, 628-631).

Petitioners continued the "Dutch" paint line which they acquired until prohibited from so doing by the order of the Court of Appeals (RB. 212). Petitioners' sales in Dutch Paint and their profits as determined by the District Court are as follows (RB. 60-72):

Year Ending	Gross Sales	Profit
April 30, 1947	$126,743.00	*$30,437.28*[3]
April 30, 1948	245,830.00	*6,639.66*
April 30, 1949	431,625.00	40,217.05
April 30, 1950	515,323.00	44,867.20
April 30, 1951	549,621.21	69,765.35
April 30, 1952	363,167.12	12,853.98
April 30, 1953	292,501.30	10,954.28
April 30, 1954	180,540.75	*1,258.10*
April 30, 1955	181,663.37	*2,138.50*
April 30, 1956	51,144.08	*28,547.11*
Totals	$2,937,558.83	$109,637.21

The record discloses and the District Court and the Court of Appeals both found that respondent had used a "Dutch Boy" trade-mark long prior to petitioners' commencement in the business (District Court Find-

[3]The figures in italics represent losses for the years in question.

ings 25-31, App. A, 9-11, Court of Appeals Opinion, Footnote 1, App. A, pp. 28-30).

This Court will note that the only feature common to respondent's trade-mark and to petitioners' terms is the single word "Dutch".

The record discloses that the word "Dutch" had been used in the paint business by many people commencing prior to the first use of "Dutch Boy" by respondent and continuing at least as late as the first use by petitioners and their predecessors of the word "Dutch". The District Court so found (Findings 32-48, App. A, 11-16) and although the Court of Appeals minimized the effect of these uses, the Court of Appeals likewise recognized the proof of many such uses (App. A, 42-44, footnotes 14-15). To save this Court the labor of referring to the voluminous records and exhibits, petitioners have incorporated an abstract of the record with respect to these usages as Appendix B to this petition.

The record further discloses and this Court can take judicial notice of the fact that the word "Dutch" was frequently used in a descriptive and geographical sense at least as late as 1941 when petitioners' predecessor adopted the trade name "Dutch Paint Company" and offered its products for sale. On this issue the District Court and the Court of Appeals were in accord (District Court Findings 43-46, App. A, 14-15, Court of Appeals Opinion, App. A, 34). For the convenience of the Court the dictionary definitions taken from Webster's New International Dictionary, Second

Edition, copyrighted 1941, are set forth in Appendix C attached to this petition.

This Court can also take judicial notice that the Netherlands have been substantial producers of paint products and that genuine "Dutch" paint products have been imported into this country at all times from at least as early as 1902 until the present date with the exception of six months during World War I and with the exception of a few years during World War II. This appears from official statistics of the Department of Commerce which show that during the period commencing 1902 and ending 1958 a total of more than $23,000,000 of paint products have been imported into the United States from the Netherlands. For the convenience of the Court a tabulation of the statistics taken from the pertinent official government reports is appended to this petition as Appendix D.

This case is unique in judicial annals. It is the first and only reported decision known to counsel in which a composite trade-mark including a descriptive or geographic word commonly used in the trade and unprotectable *per se* has been held to grant a monopoly over the otherwise unprotectable word *per se*. When validity of a mark depends on its difference from the common property of the trade, that difference should not be ignored in adjudicating infringement and unfair competition.

Specific reasons for granting the writ

I. In granting respondent a trademark and trade name monopoly over the word "Dutch", the interloc-

utory decision of the Court of Appeals is in conflict with *Columbia Mill Company v. Alcorn* (1893) 150 U.S. 460.

First, the record discloses and the District Court found that when respondent first adopted the "Dutch Boy" mark in 1907 for white lead that the word "Dutch" had already been appropriated by others in the paint field in connection with the sale of competitive products (Findings 32 and 34; App. A, 11-12). By the time that respondent later expanded its use of the trademark "Dutch Boy" to prepared paints, the word "Dutch" had been adopted by a number of additional competitive businesses. The Court of Appeals did not find any of these findings clearly erroneous.

Since the word "Dutch" had already been appropriated by the trade at the time respondent first employed it, the decision of the Court of Appeals is in square conflict with *Columbia Mill Company v. Alcorn* (1893) 150 U.S. 460. There the Court pointed out, page 464:

> "* * * The word 'Columbia' having been thus previously appropriated and used on barrels and sacks of flour, was not subject to exclusive appropriation thereafter by the complainant, so as to make it a valid trademark such as the law will recognize and protect."

At page 463, the Court adopted *Corbin v. Gould* (1890) 133 U.S. 308. In that case this Court considered a composite mark comprising the word "Tycoon" and a diamond shaped border. The word "Tycoon," like the word "Dutch", had been used in the trade,

but the composite mark had not been used. At page 314, this Court said:

> "* * * It (the word "Tycoon") belonged to the public, as the common property of the trade, and, therefore was not subject to appropriation by any one person."

Second, the word "Dutch" is incapable of exclusive appropriation by anyone. It is geographical of the Netherlands. It is descriptive of imports from the Netherlands. It is descriptive of various processes and colorings commonly used in the paint field. It has been in constant use by others to a greater or lesser extent in the paint field prior to respondent's adoption of "Dutch Boy" and continuously thereafter up to and including the denial of the original petition for certiorari in this case.

In *Columbia Mill Company v. Alcorn* (1893) 150 U.S. 460, this Court held, page 464:

> "Second. The word 'Columbia' is not the subject of exclusive appropriation under the general rule that the word or words, in common use as designating locality, or section of a country, cannot be appropriated by anyone as his exclusive trademark."

In a somewhat related sense, this Court in *Standard Paint Co. v. Trinidad Asp' Co.* (1911) 220 U.S. 446, struck down a trademark for the descriptive word "Rubberoid". At page 453, this Court quoted the opinion of the Court of Appeals, which said:

> "A public right in rubberoid and a private monopoly of rubberoid cannot coexist."

Similarly, it is submitted that a public right in "Dutch" and a private monopoly of "Dutch" cannot coexist.

The rule of *Columbia Mill Company* was promulgated into statute by the Act of February 20, 1905 (quoted this petition, page 4) which was in effect when petitioners' predecessors first began to use the expressions "Dutch Paint Company" and "Dutch Paint".

Petitioners submit that this square conflict on two independently supportable grounds between the decision of the Court of Appeals and the decision of this Court in *Columbia Mill Company* should be resolved by the grant of the petition.

2. In granting the respondent unfair competition relief because of petitioners' use of "Dutch Paint" and "Dutch Paint Company" the interlocutory decision of the Court of Appeals is in conflict with *Standard Paint Co. v. Trinidad Asph. Co.* (1911) 220 U.S. 446.

We have shown above that the word "Dutch" is not entitled to technical trademark protection because respondent was not the first appropriator of the term and because the term is both geographical and descriptive. Nonetheless the Court of Appeals awarded the respondent injunctive relief and an accounting based upon the theory of unfair competition.

This Court held that such a result was improper in *Standard Paint Co. v. Trinidad Asph. Co.* (1911) 220 U.S. 446. The Court considered "Ruberoid" versus

"RubberO". After first holding that the words were descriptive and thus incapable of being a valid trademark, this Court turned to the unfair competition aspects and held that there was no unfair competition. At page 461 this Court stated:

> "* * * The only imitation by the Asphalt Company of the roofing of the Paint Company is that which exists in the use of the word 'rubbero,' and this only by its asserted resemblance to the word 'ruberoid'. To preclude its use because of such resemblance would be to give to the word 'ruberoid' the full effect of a trade-mark, while denying its validity as such. It is true that the manufacturer of particular goods is entitled to protection of the reputation they have acquired against unfair dealing, whether there be a technical trademark or not, but the essence of such a wrong consists in the sale of the goods of one manufacturer or vendor for those of another. *Elgin National Watch Co. v. Illinois Watch Co., supra.* Such a wrong is not established against the Asphalt Company. It does not use the word 'rubbero' in such a way as to amount to a fraud on the public."

Similarly in the case at bar the only similarity between the petitioners' labels and the respondent's labels is that which exists in the use of the word "Dutch". To preclude its use because of such resemblance is to give the word "Dutch" the full effect of a trademark, while denying its validity as such.

This square conflict between the decision of the Court of Appeals in granting unfair competition relief with respect to the geographical and descriptive word "Dutch" and the decision of this Court in deny-

ing unfair competition relief with respect to the descriptive word "RubberO" should be resolved by the granting of the petition.

3. In awarding respondent an accounting of petitioners' profits and in assessing profits and attorneys' fees against petitioners, the Court of Appeals has so far departed from the accepted and usual course of judicial proceedings and has so far sanctioned such a departure by the District Court as to call for an exercise of this Court's power of supervision.

The Court of Appeals in its interlocutory opinion justified the award of profits by its determination that "there was a deliberate and intentional design to cause confusion and mistake and to deceive purchasers" (Appendix A, p. 46). In its judgment on the mandate the District Court recited specifically that petitioners were "guilty of fraudulent conduct" (Appendix A, p. 50).

The District Court entered a final judgment against petitioners for their profits in the amount of $178,657.86 and attorneys' fees in the amount of $60,800.00. None but the very wealthy could face such a judgment without bankruptcy.

The undisputed facts in this record preclude such a conclusion and demonstrate that respondent has been given a windfall to petitioners' detriment and that petitioners have been and are being deprived of their property without due process of law.

The record discloses without controversy that the business which petitioners acquired in May, 1946 was

a going concern which had used the trade name "Dutch Paint Co." continuously since August, 1941 (Findings 10-11, Appendix A, pp. 5-6). When petitioners bought this business, it was producing a complete line of "Dutch Paint" (Finding 13, Appendix A, p. 6).

In the early spring of 1948 petitioners consulted James Naylor, an attorney in San Francisco with a good reputation for competence and integrity, and asked Mr. Naylor whether petitioners had a right to use the "Dutch" label and the name "Dutch Paint Co." Mr. Naylor advised petitioners that they had every right to use the Dutch name, the Dutch label and the Dutch Paint Co. as a trade style (RB. 257-258).

Although it was unknown to petitioners at the time, Mr. Naylor's opinion was and is confirmed by respondent's upper level interoffice memorandum from its patent department manager to its Pacific Coast manager in which it was stated (Exhibit 151, RA. 806-807):

> "* * * we have no proprietary legal exclusive right to the word 'Dutch' in connection with paint and paint products. 'Dutch' is a geographical name, and as such, it is not registrable as a trademark, but if used exclusively, it may acquire secondary trademark significance. However, our mark is 'DUTCH BOY' and we can only enforce that mark against others under the trademark laws."

Mr. Naylor's opinion and respondent's interoffice memorandum were further confirmed by the District Court in the original judgment entered in this cause on January 2, 1953 (Appendix A, pp. 24-25).

Then, 14 years after the establishment of the business and 9 years after petitioners had acquired the business, the Court of Appeals held that petitioners' conduct was wrongful from the very beginning when it reversed the trial court judgment on May 17, 1955 (Appendix A, pp. 26-47). Thereafter and although petitioners were prosecuting a petition for a writ of certiorari to this Court they changed labels as quickly as they could (RB. 212).

Petitioners submit that when the conduct of a layman is approved by the advice of competent legal counsel and the decision of a federal court, he cannot soundly be deemed guilty of fraudulent conduct. The fact that a Court of Appeals finds that the opinions of both parties to the litigation are erroneous and finds that a District Court is erroneous demonstrates a difference in legal viewpoint, but it most certainly does not follow that the person is fraudulent in his conduct.

In the case at bar it is quite significant that every dollar of profits with which petitioners were charged and for which respondent obtained judgment was made after petitioners had obtained advice of counsel that their conduct was proper.

It is a strange rule of reason which subjects a party to a quarter of a million dollar judgment, which gives him no salary for his own efforts in making sales of almost $3,000,000, and which as a part of the judgment charges him with his opponents' attorneys fees—when his own conduct was deemed legal by his counsel, by his opponents' counsel, and by a District Judge, when

similar conduct was held to be proper by the only analogous decisions of this Court, and when a statute provides that the word in dispute is unprotectable to anyone. A fraudulent intent should not be imputed *ex post facto* on such a record.

Even in malicious prosecution cases, advice of counsel[4] and a favorable decision[5] are held to be conclusive on the issue of good faith and probable cause for questioned conduct. There is no reason or logic why a user of a common trade word should be singled out for different treatment and his property taken away from him by a back breaking judgment.

4. This petition should be granted in the public interest. The mark which respondent adopted is a composite mark covering the unitary thought "Dutch Boy"; the trademark registration granted respondent a prima facie monopoly to that composite mark; and the advertising expenditures and sales of respondent were concerned with that composite mark. Now the

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[4]Advice of counsel has been said to be a defense to actions for malicious prosecution in *ALI, Rest., Torts,* Sec. 666; *Psinakis v. Psinakis* (3rd Cir. 1955) 221 F. 2d 418, 424; *Seaboard Oil Co. v. Cunningham* (5th Cir., 1931) 51 F. 2d 321, 325, cert. den. 284 U.S. 657, 76 L. Ed. 557, 52 S. Ct. 35; and *Cragin v. De Pape* (5th Cir., 1908) 159 Fed. 691, and to claims for attorneys' fees in patent infringement actions; *Artmoore v. Dayless Mfg. Co.* (7th Cir., 1953) 208 F. 2d 1, 6-7, cert. den. 347 U.S. 920, 98 L. Ed. 1075, 74 S. Ct. 518; and *Packwood v. Briggs & Stratton Corp.* (Del. 1951) 90 F. Supp. 803, 808, rev'd on other grounds 195 F. 2d 971, cert. den. 344 U.S. 844, 97 L. Ed. 657, 73 S. Ct. 61. See also *Stewart v. Sonneborn* (1879) 98 U.S. 187.

[5]A favorable decision by the initial fact finder has been held to be an absolute defense to actions for malicious prosecution in cases such as *Sheffield v. Cantwell* (7th Cir., 1938) 101 F. 2d 351, 352; *Engleman v. Progressive Machinery Corporation* (Mass., 1957) 156 F. Supp. 46, 47-48.

Court has deprived the petitioners of the right to use, not that composite mark, but the unprotectable individual element "Dutch" used in that mark.

In *Corbin v. Gould* (1890) 133 U.S. 308, this Court referring to the composite mark comprising the word "Tycoon" and a diamond shaped border, said, page 314:

> "Even conceding that the complainants may claim a trademark for the combination of the diamond and the words inclosed in it, as described in their application to the Patent Office, there was, upon the authorities above cited, clearly no trademark in the word 'Tycoon' considered by itself."

The result here is quite analogous to the efforts of a patentee to extend his monopoly to the individually unprotectable elements of a combination patent. To paraphrase *Mercoid Co. v. Mid-Continent Co.* (1944) 320 U.S. 661, 667:

> —The trademark is for a combination only. Since none of the separate elements of the combination is claimed as the trademark, none of them when dealt with separately is protected by the trademark monopoly. Whether the parts are new or old, the combination is the trademark and it is distinct from any of them. If a limited monopoly over the word "Dutch" were allowed, it would not be a monopoly accorded trademark usage by the trademark laws but a monopoly born of a commercial desire to avoid the rigors of competition fostered by the anti-trust laws. If such an expansion of the trademark monopoly could be effected by decree, the integrity of the trademark system would be seriously compromised.—

Respondent has now extended this monopoly to the public in general. This situation has become manifest through respondent's conduct following denial of the earlier petition for the writ of certiorari in *Wolfe et al., doing business as Dutch Paint Co. etc., v. National Lead Co.* (1955) 350 U.S. 883.

When respondent first questioned petitioners' use of the word "Dutch", it made an investigation of other names containing the word "Dutch" listed in the trademark directory of the National Paint, Varnish and Lacquer Association (RA. 884). It found about thirty, and as of the date of trial about half of the names employing the word "Dutch" were still in use (RA. 884). Respondent held its objections to the various uses of "Dutch" in abeyance until the final outcome on the first appeal (RB. 104). When certiorari was denied, respondent gathered together its files and "took up again" (RB. 104). In this same connection the record discloses that Charles F. Kaegebehn, manager of the patent department of respondent (RA. 695), had counseled respondent's Pacific Coast manager on March 17, 1948 that "* * * you are in a good position by a show of force to discourage continued use of this phrase" (RA. 807, Ex. 151). One need not speculate as to the results of respondent's use of the denial of the writ in this case. Of the approximately fifteen users, substantially all of them agreed to stop using the word "Dutch" (RB. 103).

In this way, respondent has lifted itself by its own boot straps to obtain a virtual trademark monopoly over the word "Dutch". First, it satisfied the Court

of Appeals that there was no connection between the third party users of the word "Dutch" and petitioners' use of the word "Dutch" which would stand in the way of a favorable judgment and decree, and then as soon as the decision of the Court of Appeals had become finalized by the denial of the petition, it successfully obtained agreements of substantially all of the fifteen remaining users of the "Dutch" expression to stop using the word "Dutch".

Respondent's monopoly of the word "Dutch" now operates to the deprivation not only of these petitioners, but of the entire public as well. There is no one left to dispute respondent's monopoly. One would be foolhardy to do so at the risk of sustaining the confiscatory damages and attorneys' fees which have been imposed upon petitioners in this case.

Petitioners submit that the solidification of respondent's unwarranted monopoly over the word "Dutch" after the denial of certiorari in this case cries out for reconsideration of the denial of the original petition in this case, just as it did in *Paramount Corp. v. Tri-Ergon Corp.* (1935) 294 U.S. 464, and *Altoona Theatres v. Tri-Ergon Cor .* (1935) 294 U.S. 477, wherein the petitions were granted (293 U.S. 528) after denial (293 U.S. 587) in part because of respondent's post denial coercive trade activities (see Petitions for Rehearing: No. 254, pp. 2-6; No. 255 and 256, pp. 2-3).

Moreover, in view of the fact that substantially all users of "Dutch" have now stopped using the word "Dutch", a resulting conflict of decisions is improbable, just as it was in such cases as *Schriber Co. v.*

Cleveland Trust Co. (1938) 305 U.S. 47, 50; and *Muncie Gear Co. v. Outboard Co.* (1942) 315 U.S. 759, 765-766.

5. The principal authorities cited by the Court of Appeals do not furnish independent grounds for supporting the judgment.

Hamilton Shoe Company v. Wolf Brothers (1916) 240 U.S. 251 (cited by Court of Appeals, App. A, pages 31-32 and 34) involves a conflict between the words "American Lady" and "The American Girl." The Court, page 257, distinguished but did not overrule *Columbia Mill Co. v. Alcorn* (1893) 150 U.S. 460. In so doing, this Court stated, page 257:

> "* * * If the mark here in controversy were 'American shoes' these cases would be quite in point."

In the case at bar, the mark in controversy is "Dutch" comparable to "Columbia" adjudicated in *Columbia Mill Co.* and to "American shoes" cited by way of example in *Hamilton Shoe Company* and not "Dutch Boy" or "The Dutch Man" comparable to "American Lady" and "The American Girl" adjudicated in *Hamilton Shoe Company.*

Armstrong Co. v. Nu-Enamel Corp. (1938) 305 U.S. 315 (cited by Court of Appeals, App. A, page 35) distinguishes but does not overrule *Standard Paint Co., v. Trinidad Asph. Co.* (1911) 220 U.S. 446 (see 305 U.S. 335, footnote 24). This Court said, page 335:

In so doing the Court said, page 335:

> "* * * Here we have a secondary meaning to the descriptive term, 'Nu-Enamel.' This establishes,

entirely apart from any trademark act, the common law right of the Nu-Enamel Corporation to be free from the competitive use of these words as a trade-mark or trade name.''

In *Armstrong* there was proof of secondary meaning by virtue of defendant's pleading, page 320:

"Defendant admitted 'that the name "Nu-Enamel" has come to mean and is understood to mean, throughout the United States, including the State of Illinois and the City of Chicago, the plaintiff and plaintiff's products only, and the word "Nu-Enamel" is a mark by which the goods of the plaintiff are distinguished from other goods of the same class'; * * *"

In the present case secondary meaning of the word "Dutch" is not admitted; in the present case there is no evidence or proof of secondary meaning; and in the present case there are no findings of fact either by the District Court or the Court of Appeals that "Dutch" does have secondary meaning. If such findings had been made, they would have been clearly erroneous for the reason that respondent was never the exclusive proprietor[6] of the word "Dutch", and for the reason that it introduced no evidence even tending to show secondary meaning in 1941[7] when peti-

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[6]One of the essential elements to establishing secondary meaning of a geographical or descriptive term is proof that the proprietor has had at least some exclusive use of the term. *Ellay Stores, Inc. v. Savitz* (Pa. 1939) 30 F. Supp. 462, 463; *Corning Glass Works v. Pasmantier* (N.Y. 1939) 30 F. Supp. 477, 482. See also U. S. Code, Title 15, Section 1052 (f).

[7]Both on reason and authority the alleged trademark must have acquired a secondary meaning before the petitioners began to manufacture and sell their product. ***Quaker State Oil Refining***

tioners' predecessors adopted and began to promote "Dutch Paint Company" or in 1946, when the petitioners themselves assumed proprietorship of the Dutch Paint Company and Dutch paint labels, or at any other time.[8]

Menendez v. Holt (1888) 128 U.S. 514 (cited by Court of Appeals, App. A, page 40) involves a wholly arbitrary term "La Favorita" used as a brand on flour. This Court upheld the validity and infringement of the trademark as against a former partner of the trademark proprietor. With regard to a single prior public use of the mark, this Court said, page 521:

> "* * * such use was discontinued before Holt & Co. appropriated the words to identify their own flour, and there was no attempt to resume it."

This should be distinguished from the case at bar wherein the public never discontinued to use the word "Dutch" until long after respondent's adoption of "Dutch Boy" and then only under compulsion from respondent. At all times prior to respondent's adoption of "Dutch Boy" and petitioner's acquisition of Dutch Paint and Dutch Paint Company, there have been one or more users of the word "Dutch."

Co. v. Steinberg (1937) 325 Pa. 273 280, 284, 189 Atl. 473, 476, 478; *Upjohn Co. v. William S. Merrell Chemical Co.* (6th Cir. 1920) 269 Fed. 209, 212-213; *Mavco, Inc. v. Hampden Sales Ass'n* (1948) 273 App. Div. 297, 302, 77 NYS 2d 510, 515.

[8] As late as the trial of this cause, Charles F. Kaegebehn, manager of the patent department of respondent (RA. 695) admitted to the District Court,

> "* * * the word 'Dutch,' as far as my understanding goes, hasn't any significance in paint, per se. When one says 'Dutch Paint,' it doesn't mean anything to me, sir." (RA. 861).

United Drug Co. v. Rectanus Co. (1918) 248 U.S. 90 (cited by Court of Appeals, App. A, p. 44, footnote 16) involves competitive uses of the trademark "Rex" in which the respective parties used the mark in different territories. Petitioner entered a territory already occupied by respondent, and complained of confusion. This Court held this to be nonactionable stating, pp. 103-104:

> "* * * Whatever confusion may have arisen from conflicting use of the mark is attributable to petitioner's entry into the field with notice of the situation; and petitioner cannot complain of this."

Similarly in the case at bar, whatever confusion has arisen from the conflicting uses of the marks in question is attributable to respondent's entry into the "Dutch" field with notice of the fact that the public had already occupied the field. Respondent should not complain.

Saxlehner v. Eisner & Mendelson Co. (1900) 179 U.S. 19 (cited by Court of Appeals, App. A, page 45) held that the proprietor of "Hunyadi" for spring water was not entitled to exclusive use of the word because, page 36, it "once became public property". This Court held:

> "* * * The right to individual appropriation once lost is gone forever."

Indeed, in subsequent litigation involving this same mark, this Court in *Saxlehner v. Wagner* (1910) 216 U.S. 375 adhered to its earlier ruling and held that there was no right in the original trademark proprietor to prevent the use of the word on artificial spring

water not coming from the proprietor's wells.[9] On page 381, this Court stated:

> "* * * one is at liberty to refer to a geographical expression to signify the source of one's model. 'Hunyadi' at best is now only a geographical expression in effect."

In the case at bar, the facts are even stronger for petitioners because here respondent never has established even a fleeting "right to individual appropriation" of the "Dutch" name.

Straus v. Notaseme Co. (1916) 240 U.S. 179 (cited by Court of Appeals, App. A, p. 46, footnote 19) does not involve a descriptive or geographical term, but it involves, p. 182, a distinctive "red square with the diagonal black band" which was used both by petitioners and respondent. The petitioners were enjoined from further use of the mark in controversy but, p. 183, "so far as the decree charged them with profits it is reversed." This case, therefore, does not warrant an award of profits for use of a descriptive or geographical term.

In *Champion Plug Co. v. Sanders* (1947) 331 U.S. 125 (cited by Court of Appeals, App. A, p. 47), petitioner rebuilt respondent's "Champion" spark plugs and used respondent's trademark "Champion" on the plugs so repaired. This Court affirmed a decision of

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[9] This case should govern over the view of the Court of Appeals that petitioners' use of the word Dutch is "not claimed to have any relation to any product now or ever made in Holland or any process, color, or other description related to Holland or the Dutch." (App. A, page 34.) See also *French Republic v. Saratoga Vichy Co.* (1903) 191 U.S. 427, 439-441.

the Court of Appeals which denied an accounting, and held that the petitioner was required clearly and distinctly to mark the plugs "repaired" or "used". This case, therefore, does not support the decision here tendered for review.

Mishawaka Mfg. Co. v. Kresge Co. (1942) 316 U.S. 203 (cited by Court of Appeals, App. A, p. 47) involves a trademark consisting of a red circular plug embedded in the center of a heel for shoes. There was no geographical or descriptive significance to the mark, and the mark was held to be properly registered under the Trade-Mark Act of 1905. In the case at bar, "Dutch" would not have been registrable under the Act of 1905, and hence *Mishawaka Mfg. Co.* can furnish no support for the instant decision.

CONCLUSION

For the foregoing reasons, petitioners pray that this petition for the writ of certiorari should be granted.

Dated, San Francisco, California,
February 24, 1960.

Respectfully submitted,
CARL HOPPE,
Attorney for Petitioners.

FRED LEUENBERGER,
Of Counsel for Petitioners.

**(Appendix A is separately bound;
Appendices B, C and D follow)**

Appendix B

In this appendix, petitioners catalog and abstract the record with respect to general usage in the trade of the word "Dutch" in connection with the manufacture and sale of paint products.

"Amsterdam Old Dutch" by Great Lakes Varnish Works, Inc., Chicago, Illinois. This listing appeared in the 1947 trademark directory* for white enamel (Request 21, RA. 103). This concern commencing in approximately June 1939 and continuing to date, employed a label bearing the words "Amsterdam Old Dutch" on white enamel which it manufactures and sells (Request 34(a), RA. 159-160). Exhibit 23 is a photostatic copy of the "Amsterdam Old Dutch" label (Request 34(b), RA. 160). Karla J. Howe, the President and one of the founders of this firm, testified as to this use (RA. 293-302). Exhibit 75 is a label bearing the mark "Amsterdam Old Dutch White Enamel" (RA. 294). This is a label used at the present time (RA. 294). The witness identified invoices dated October 8, 1940, and September 16, 1940 (Exhibits 76, 77, 77A, 77B and 77C, RA. 295-297). This label was first used in the late thirties and prior to February 1940, the date of death of John G. Shilvock, the one who originated this name (RA. 297). This product was generally distributed in the Middle Western states (RA. 298). This label is just one of a

*The trade-mark directories referred to in this summary are published by the Trade Mark Bureau of the National Paint, Oil and Varnish Association. See RA. 177-204.

good many products that this firm sells (RA. 299). This firm is a customer of respondent, and Charles F. Kaegebehn, manager of respondent's patent department (RA. 695) had no reports of confusion as to the use of this label (RA. 734). This notation is listed in the 1947 trademark directory (RA. 894).

"Dutch" and **"Dutch Paint Co."** by North Jersey Paint Co., Inc., Passaic, New Jersey. Commencing in about the year 1930 and continuing until a date subsequent to June 30, 1949, this firm employed a label bearing the trade style "Dutch Paint Co." and the word "Dutch" on paints manufactured and sold by it (Request 40(a), RA. 167-168). Exhibit 34 is a photostatic copy of a label employed by this concern (RA. 169). Subsequent to June 30, 1949, respondent protested to this user by a notice of infringement (Request 40(c), RA. 169). No reports of confusion were brought to respondent's attention (RA. 738-740). Charles F. Kaegebehn suggested to this firm that this sort of thing was an infringement of our "Dutch Boy" trademark (RA. 742). This firm said it had no desire to continue the label but the matter was in status quo (RA. 743-744). Mr. Kaegebehn learned of this use about the time of the institution of the present action (RA. 855-856). This firm had some dealers in Brooklyn, the Bronx and Bergen County, New Jersey (RA. 858). This firm was one of the 15 or so persons who agreed to stop using the word "Dutch" after the denial of certiorari in this case (RB. 105-106).

"Dutch" in one form or another by General Paint. John B. Heinrich, respondents' counsel and secretary,

identified this as one of 15 various users of "Dutch" who agreed to stop using the word "Dutch" upon the denial of the original petition for certiorari in this case (RB. 105-106).

"Dutch" in one form or another by M & B Manufacturing Company. This is another of the 15 or so companies who stopped using the word "Dutch" after the denial of the writ (RB. 105-106).

"Dutch" in one form or another by Markell. This is another of the 15 or so companies who stopped using the word "Dutch" after the denial of the writ (RB. 105-106).

"Dutch" in one form or another by Jack Roy. This is another of the 15 or so companies who stopped using the word "Dutch" after the denial of the writ (RB. 105-106).

"Dutch" in one form or another by Tobias. This is another of the 15 or so companies who stopped using the word "Dutch" after the denial of the writ (RB. 105-106).

"Dutch Blend" by Twentieth Century Paint Company, New York. Respondent protested this use and negotiated an agreement whereby they abandoned the mark in 1949 (RA. 2368-2369).

"Dutch Blue" by Gillespie Varnish Company of Jersey City, New Jersey. Petitioner Wolfe identified a color card he'd had for about three years on the inside of which was listed their quick drying enamel with the designation "Dutch Blue" (Exhibit 126, RA. 527-529).

"Dutch Blue" by Pacific Paint and Varnish Company of San Francisco and Berkeley, California. Petitioner Wolfe also had a color card making this reference to the color 52,452 "Dutch Blue" (RA. 527-529, Exhibit 126).

"Dutch Blue" by Pervo Company of Los Angeles. Petitioner Wolfe had a color card three or more years old at the time of trial (RA. 527-529, Exhibit 126).

"Dutch Blue" by Edward Smith & Co., Inc., of New York, New York. Petitioner Wolfe also had a color card for this firm's "quick drying enamel" indicating the color "Dutch Blue" (RA. 528-529, Exhibit 126).

"Dutch Boy" by Selby Lead Company. A. Vernon Green, President of Tibbetts Corporation (RA. 357) identified this as an early use of "Dutch Boy" on white lead paste. He recollected this as a youngster (RA. 372-373).

"Dutch Brand" by The Core Lumber Company. This is another of the 15 concerns who stopped using the word "Dutch" after the denial of the earlier petition for the writ of certiorari (RB. 106).

"Dutch Brand" by The Perry & Derrick Co., Inc. of Cincinnati, Ohio. This concern, for a period commencing about twenty years ago and continuing to date, has employed a label bearing the notation "Dutch Brand" in the designation of paint sold by it (Request 33(a), and answer RA. 158-159). Exhibit 22 is a photostatic copy of the "Dutch Brand" label

employed by said concern (RA. 159). Ferdinand J. Derrick, president of this firm, testified as to this use (RA. 247-260). Exhibit 56 are samples of labels currently used by this firm (RA. 247-248). Exhibits 57 and 58 are newspaper advertisements (RA. 249-250). The dealers are located within the metropolitan Cincinnati area (RA. 251). Exhibit 59 is an invoice (RA. 252-253). The use of "Dutch Brand" on paints extended back to 1928 (RA. 253). The earlier labels were entirely different and featured "Dutch Brand" and the mill more prominently than the current labels (RA. 254). This firm's distribution was a radius of approximately 200 miles from Cincinnati (RA. 254). Exhibit D is a group of labels used on products other than the "Dutch Brand" house paint (RA. 256). Respondent's Cincinnati branch manager was personally aware of the "Dutch Brand" since 1930 (RA. 263-264). This firm is a customer of respondent, and respondent has had no complaints of confusion arising out of the "Dutch Brand" on paint (RA. 709-710).

"**Dutch Country**" by Benjamin Foster Company, Philadelphia, Pennsylvania. This concern employed a label bearing the words "Dutch Country" for paint manufactured and sold by it commencing in the year 1934 and continuing until the year 1942 when it discontinued the use of such label and such words (Request 46(a), RA. 172-173). Exhibit 36 is a photostatic copy of a folder employed by this concern (Request 46(b), RA. 173). This label was still listed in the 1947

directory but Charles Kaegebehn had information that this firm discontinued the use of that designation in about 1942 (RA. 886).

"Dutch Enamel" by Federal Paint Company, Inc., 33 Rector Street, New York, New York. This concern, commencing about the year 1925, and continuing to date, employed a label bearing the words "Dutch Enamel" to describe an enamel manufactured and sold by it under its trade-mark, Fedco (Request 31, RA. 150-151). Exhibit 18 is a photostatic copy of portions of an advertising folder used in sales promotions depicting a can with the "Dutch Enamel" label applied (Request 31(b), Exhibit 18, RA. 152). This concern sells its products, including "Dutch Enamel", principally in states east of the Rocky Mountains (Request 31(c), RA. 152). George H. Miles, Vice President of the company, testified as to the manufacture and sale of "Dutch Enamel" (RA. 235 et seq.). Exhibit 50 is an empty can with the name "Dutch Enamel" lithographed thereon (RA. 236-238). The words "Dutch Enamel" have been displayed on such cans substantially in that form and manner since 1925 (RA. 238). Exhibit 51 is a paper label used when the lithographed cans were scarce (RA. 238-239). Exhibit 52 is an advertising folder (RA. 240). "Dutch Enamel" is available not only in the United States, but to any prospective buyer (RA. 241). Pillsbury & Martignoni is the company's sales representative or dealer in San Francisco (RA. 241). "Fedco" is a principal trademark of the company (RA. 242). Exhibit B is a label used on smaller sized cans of "Dutch

Enamel" (RA. 243). Exhibit C is a sample color card (RA. 244-245). On Exhibit 50 "Dutch Enamel" appears on the top of the label, and Fedco appears in the center (RA. 704). Charles F. Kaegebehn was not aware of this use until the litigation (RA. 704-705). This company is a customer of National Lead Company (RA. 705).

"Dutch Kalsomine" by The Muralo Company of N. Brighton and Staten Island, New York. This firm listed "Dutch Kalsomine" for kalsomine on August 3, 1910 as appears from the 1912 Trademark Register (Request 16, RA. 99-100). The Court of Appeals for the District of Columbia dismissed respondent's opposition to the registration of this trademark on March 6, 1911 (Request 26(a), RA. 108-109). Respondent never brought an unfair competition action against this firm (Request 26(b), RA. 110). This firm, continuously since February 10, 1909, has employed the words "Dutch Kalsomine" to designate kalsomine in dry powder form (Request 26(c), RA. 110). This firm has advertised the "Dutch Kalsomine" as such in newspapers and trade paper publications and the product has been nationally distributed (Request 26(d), RA. 110-111). Trademark registration 86,725 was issued to this firm on May 28, 1912 (Exhibit 8, RA. 112-115). Alfred F. King, Jr., president of this firm, testified as to the current usage (RA. 204-219). Exhibit 43 is a sample carton (RA. 207). The product is sold nationally (RA. 208). The demand for kalsomine today is a fraction of what it was in the 1920's because casein paints such as Kemtone have now

come along (RA. 209-210). Exhibit 44 is a Dutch Kalsomine color chart (RA. 210-211). This firm has not pushed the product because it is a small fraction of its sales (RA. 212-213). Exhibit 45 is an advertisement from National Painters Magazine for August, 1950 in which Dutch Kalsomine is carried at the bottom of the advertisement and included among other trade products that are listed and manufactured by this firm (RA. 214). A. Vernon Green, President of Tibbett's Corporation (RA. 357), remembered "Old Dutch Kalsomine" made by The Muralo Company in New York as far back as along in 1907 (RA. 370). Charles William Blakiston, a paint and wallpaper merchant in San Francisco, (RA. 862), has known of the Muralo water paints since 1930 and carries "Dutch Kalsomine" in stock (RA. 867). Mr. Blakiston confirmed Mr. King's testimony that these casein type water paints have largely supplanted kalsomine and that kalsomine sales have dropped 75% in the last ten years (RA. 869).

"Dutch Kraft" by Grand Rapids Paint and Enamel Co. of Grand Rapids, Michigan. This firm employed a label bearing the words "Dutch Kraft" for paint which it sells but does not manufacture, commencing on or about October 26, 1928 and continuing to date (Request 36(a), RA. 162-163). Exhibits 25 and 26 are photostatic copies of "Dutch Kraft" labels (RA. 163). Exhibits 27, 28 and 29 are photostatic copies of cover pages of color charts used by this firm (Request 36(c), RA. 163-164). This firm obtained the registration of its "Dutch Kraft" mark on April

30, 1929 under No. 255,844 (Request 36(d), Exhibit 30, RA. 164). On June 10, 1947, registration 430,196 issued to this firm for "Dutch Kraft" mark (Request 36(e), RA. 164-165). Exhibit 136 is a "Dutch Kraft" label (RA. 554). Charles F. Kaegebehn's investigation disclosed that this "Dutch Kraft" name was used locally in Southeast Michigan, that it had been used there for quite a few years, and that as far as respondent could find out, it had not been sold much outside of that area (RA. 847).

"Dutch Lad" by Proctor Paint & Varnish. This is another of the 15 concerns who stopped using the word "Dutch" after the denial of the earlier petition for the writ of certiorari (RB. 106).

"Dutchland Enamel" by Packard Paint and Varnish Company of Cambridge, Massachusetts, commencing in or about June 1931 and continuing to date this firm employed a label bearing the word "Dutchland" for an enamel which it manufactured and sold (Request 38(a), not denied, RA. 166-167). Respondent associated this phrase descriptively with enamel and its investigation disclosed that it had been used for some years locally in New England (RA. 853-854).

"Dutch Maid" by S. Offerman, Inc., New York, New York. This firm registered the trademark "Dutch Maid" in the 1947 Trademark Directory for paints, shellacs and varnishes. Mr. Kaegebehn was unable to find such a product sold under that name (RA. 887) but no further testimony as to this use was presented.

"Dutch Masters" by Dutch Masters Paint and Varnish Co. of Brooklyn, New York. This concern, and its predecessor, Varnish Products Co., commencing on or about November 11, 1926, and continuing to date, employed labels on which appears the words "Dutch Masters" and an associated representation of the head and bust of a man for ready mixed paints and varnishes sold by it principally in New York City and its environs (Request 30, RA. 147-149). Exhibit 16 is a photostatic copy of two "Dutch Masters" labels. The mark "Dutch Masters" was registered in the Patent Office on October 4, 1927, as No. 233,524 (Request 30, RA. 150). Theodore Shapiro, a partner and one of the founders of the firm, testified that the mark was used on a full line of house paints, both interior and exterior, decorative enamels and construction specialties (RA. 225-226). Exhibit 47 is a "Dutch Masters" floor and deck enamel label; Exhibit 48 is a "Dutch Masters" decorative trim color label; Exhibit 49 is a "Dutch Masters" quality house paint label (RA. 228-229). These are current labels (RA. 229). The "Dutch Masters" products have a wide distribution in the metropolitan area of greater New York and along the Atlantic seaboard down to Florida and north to the New England states (RA. 231). The company advertised the "Dutch Masters" brand of paints in the press, outdoor signs, window displays and a limited amount of radio work (RA. 231). The company had a regular dealer in Portland, Maine, until he passed away a year ago (RA. 233). The company advertised in newspapers in Newark.

South Carolina, Miami, and local boroughs (RA. 233). Exhibit 132 is a "Dutch Masters" label (RA. 552). The company has been a customer of National Lead for over 20 years, but Charles F. Kaegebehn had no reports of confusion (RA. 707).

"**Dutch Mill**" by Standard Brands Paint Stores. Petitioner Bernard M. Wolfe obtained a label from a can of a pile of approximately 100 cans in a floor display at this firm's store in Los Angeles (RA. 537-538, Exhibit 127). Since approximately 1947 or 1948, Mr. Wolfe visited two stores in Fresno and Los Angeles (RA. 539-540). Walter J. Schulps, an outside sales representative for respondent (RA. 1972) saw this brand on sale at a Standard Brands store in Bakersfield in his territory (RA. 2017).

"**Dutch Mill**" by M. G. Stonemann & Son of Albany, New York. Commencing in or about the month of October 1934 and continuing to date, this firm employed a label bearing the words "Dutch Mill" for some paint sold by it (Request 37(a), not denied, RA. 165). Exhibit 32 is a copy of a sample of the "Dutch Mill" label employed by said concern (Request 37(b) and answer, RA. 165-166). Charles Kaegebehn went to see the owners of this business and noted that the firm sells paints and doesn't make them. This label was used on a second grade of this firm's paint. This firm also handled respondent's products under the "Dutch Boy" trade mark and the witness had no reports of confusion in the trade concerning this use (RA. 737-738). Respondent was first aware of this use in December 1949 (RA. 852-853).

"Dutch Process" by National Manufacturing Company and Hayes-Taylor of Tonawanda, New York. This mark is listed in the 1947 Trademark Directory and respondent's inquiry disclosed that they had not used the designation for years (RA. 889-890). Respondent offered no evidence as to the duration of this use.

"Dutch Standard" by Harrison Paint and Varnish Company of Canton, Ohio. Commencing on or about June 2, 1933 and continuing to date, this concern has employed labels bearing the words "Dutch Standard" in the designation of ready mixed paints, enamels and varnishes sold by it (Request 29(a), RA. 142). Exhibit 12 is a photostatic copy of a Dutch Standard label employed by this concern (Request 29(b), RA. 142-143). Exhibit 13 is a photostatic copy of a color chart employed by this concern in the promotion in the sales of Dutch Standard paint and enamels (Request 29(c), RA. 143). In the year 1947 the respondent protested the use by said concern of the figure of a boy in the traditional dress of Holland but made no protest against the continued use of the Dutch Standard brand (Request 29(b), RA. 143-144). This firm obtained registration No. 371,933 on October 17, 1939 in which it disclaimed the words "Dutch Standard" apart from the mark as shown (Request 29(e), Exhibit 15, RA. 145-147). Gordon G. Walter, president of the firm, testified as to this use (RA. 266-277). Dutch Standard is our first grade line of products and Harrison is our second line of products (RA. 267). Dutch Standard embraces a complete line of shelf

goods for house paints, enamels and varnishes (RA. 267). The concern used the Dutch Standard brand since 1933 (RA. 268). It first used Old Dutch but upon objection to the word "Old" by Sherwin-Williams as they had Old Dutch Enamel this concern dropped the word "Old" after 1936 (RA. 268). The Dutch Standard brand has been in constant use since the settlement with Sherwin (RA. 268). The concern operates in Ohio, Western New York, Western Pennsylvania, West Virginia, Kentucky, Indiana and Michigan (RA. 268). Exhibit 62 is the file wrapper of its trademark registration No. 371,933 (RA. 269-272). The company advertises in the American Paint and Oil Dealer and has newspaper advertising (RA. 274). The words "Dutch Standard" are given prominence in the advertisement of the Cincinnati Store (RA. 275). Exhibits 63-64 are pictures of the interior of the store showing that 9/10 of the material in the store features the Dutch Standard trademark (RA. 275-276). Andrew Chrien, secretary-treasurer of this firm also testified (RA. 277-292). Mr. Chrien's personal knowledge of the Dutch Standard brand goes back to May 11, 1934 when he was first employed by Mr. Walter as an individual (RA. 278). The brand has been used continuously (RA. 278-279). Exhibit 66 is an advertisement of this in the American Paint and Oil Dealer (RA. 280). Exhibit 68 is an advertising scrap-book (RA. 281). Exhibit 69 is a photograph of an electric sign exhibiting the Dutch Standard name (RA. 282-283). Exhibit 70 is one of 48 different labels produced by Mr. Chrien (RA. 284-285). Exhibit

71 is a Dutch Standard red lead label (RA. 285). Exhibit 72 is a Dutch Standard varnish label (RA. 286). Exhibit 73 is a Dutch Standard label for an implemental paint (RA. 280). The name Harrison is also prominently displayed (RA. 287). Mr. Chrien identified 4 advertisements which did not bear the name Dutch Standard (Exhibit E, RA. 288-289). Exhibit F is a Wood-Nu label (RA. 290). Exhibit 69 is a photograph of a sign, Skinner and Skinner, New Kensington, Philadelphia (RA. 290). Exhibits 70-73 were started in 1938 and were manufactured by the Fuller Label and Box Company, Pittsburg (RA. 291). Previous to that time local printing firms made up the labels (RA. 291). Charles F. Kaegebehn was aware of no confusion arising out of this label and had been aware of the use for 2 or 3 years (RA. 711). Mr. Kaegebehn identified correspondence (Exhibits 140-141-142, RA 711-719). Up to November 14, 1950, respondent did not protest the use of "Dutch" by this firm (RA. 719-720). This firm was not requested to give up nor did it give up the use of the word "Dutch" in the phrase "Dutch Standard" (RA. 917-918). However on the denial of certiorari this firm became one of 15 people who agreed to stop using the word "Dutch" (RB. 105-106).

"Dutch Stand Oil" by Louisville Varnish Works, Louisville, Kentucky. This mark is included in the 1947 edition of the Trademark Register. Respondent was informed that the mark was discontinued, that it has been used on linseed oil, that the designation was stencilled on the barrels and it was sort of a specialty

item. It was not in use in November, 1950 (RA. 895). Respondent offered no further evidence as to this use.

"Dutch Style" by Chicago White Lead and Paint Manufacturing Co., Chicago, Illinois (Hooker Glass and Paint Manufacturing Co., successors). This concern employed a label bearing the words "Dutch Style" on an enamel manufactured by it and sold in and around Chicago under the trade mark "Amsterdam". This concern employed said label for about 10 years ending in the year 1930 (RA. 173-174). Exhibit 37 is a photostatic copy of the label (RA. 175). Exhibit 129 is the label removed from a paint can (RA. 550). This label was discontinued many years ago (RA. 893-894).

"Dutch type enamel" by The Glidden Company. Daniel D. Roberts, a branch manager of respondent, knew of this product back in the early thirties, which would be approximately 1930 to 1940 (RA. 1634-1635).

"Dutch White" by The Billings-Chapin Co., Cleveland, Ohio. This trade name was listed in the 1912 edition of trade names registered with the National Paint, Oil and Varnish Association as of April 11, 1906 (RA. 99-100). It was still listed in the 1947 directory (RA. 890). This company was taken over by The Glidden Company, and the "Dutch White" name was no longer being used in 1950 (RA. 891).

"Dutch White" by the Reardon Company. Petitioner Wolfe produced a color card of this firm listing "Dutch White" as color No. 118 under "Bondex Cement Paint" (RA. 528-529, Exhibit 126). Petitioner

Wolfe observed this color card at a retail paint store in San Francisco within three weeks prior to the trial (RA. 529-530).

"Dutch White" by Tibbetts Corporation, Los Angeles, California. A. Vernon Green, president of this firm, testified as to this use (RA. 357-380). This firm used the expression "Gloss Finish Dutch White" on three different tester paints and the designation "Dutch White" on a particular shade of white on its "Colored Sunshine" card (RA. 367). Exhibit 98 is a label (RA. 367). Charles F. Faye, a hardware merchant in Los Angeles (RA. 1308) handled respondent's paint (RA. 1309) and Tibbetts' paint (RA. 1318). He stocks the "Gloss Finish Dutch White" paint referred to in Exhibit 97 (RA. 1319).

"Holland Dutch" by Pervo Paint Company of Los Angeles. This company for a period of time commencing in approximately 1923 and continuing to date has employed a label bearing the words "Holland Dutch" to describe a waterproof paint sold by it (Request 32(a); not denied, RA. 155). Respondent was informed and believed that the use began about 1927 or 1928 (RA. 156). Exhibit 19 is a photostatic copy of the "Holland Dutch" waterproof paint label (Request 32(b), RA. 156-157). Exhibit 20 is a color chart at one time employed by said concern (RA. 157). Exhibit 21 is a paint folder (RA. 157). This company and respondent had a conflict in the Patent Office, and respondent did not require this company to discontinue the words "Holland Dutch" to describe waterproof paint (RA. 157-158). Exhibit 133 is a Pervo Holland Dutch label (RA. 553). Respondent

had no evidence of confusion in connection with Pervo's use of Holland Dutch, and its use is current on waterproof stucco paint (RA. 728). Walter J. Schulps, a salesman for respondent (RA. 1972) had seen this label in Bakersfield, Taft and Oilville, a suburb of Bakersfield (RA. 2015). Charles W. Collins, another salesman for respondent (RA. 2049-2050) had been employed by Pervo Company and sold "Holland Dutch" paint in Utah, western Wyoming and eastern Idaho (RA. 2118-2119). This firm used an old Holland Dutch process of making stucco paint that was brought over from Holland (RA. 2183).

"Neu-Dutch" by Superior Paint and Varnish Corporation, Chicago, and Paint Exchange of Chicago. "Neu-Dutch" was listed in the 1947 Trade Mark directory for enamel by Paint Exchange of Chicago (Request 20, RA. 102). About 15 years prior to the trial and continuing to date, Superior employed a label bearing the trade style "Neu-Dutch Enamel Co." and the words "Neu-Dutch" for enamels sold by it (Request 35(a) not denied, RA. 161). Exhibit 24 is a copy of a label employed by this firm for one of its products (Request 35(b), RA. 161-162). Justin D. Goldman, President of this firm, testified as to this use (RA. 302-312). This firm started as a partnership in 1930 and engaged in the manufacture of paints and sundry items. It also ran retail stores under the name of "Paint Exchange of Chicago." This firm still had two stores at the time of the deposition (RA. 303). Exhibit 79 and 80 are "Neu-Dutch" labels used by this firm (RA. 304-305). They were presently used and had been used since 1937 (RA. 305). The firm ceased

operating in Kenosha, Wisconsin in 1940 or 1941 (RA. 305). "Neu-Dutch Enamel Company" is the same as this firm (RA. 306). Exhibit 81 is a catalog of the firm put out in 1949 (RA. 307-308). Exhibit 82 is a price list (RA. 309). These labels are only a small part of this firm's business and that has been true since the company first started to make the products (RA. 311). Respondent had no evidence of confusion arising from this mark (RA. 734-735).

"Nu-Dutch" by Schorn Paint Manufacturing Company of Seattle. Petitioners objected to the use of this mark by this concern on August 9, 1948 (RA. 676-680). Exhibit X is a "Nu-Dutch" label offered in evidence by respondent (RA. 680).

"Old Colony Dutch" by some unspecified manufacturer. This is another of the 15 people who stopped using the word "Dutch" upon the denial of the original petition for certiorari in this case (RB. 105-106).

"Old Dutch" by Detroit White Lead Works. This name was listed as of February 15, 1911, for ready mixed paints in the 1912 edition of trade named registered with the National Paint, Oil and Varnish Association (RA. 98). Respondent offered no evidence indicating non use of this mark or a cessation of use of this mark.

"Old Dutch" by Harrison Bros & Co. of Chicago. On December 23, 1897, this firm listed "Old Dutch" for prepared white paint as appears from the 1912 trademark directory (Request 14, RA. 98). Respondent offered no evidence as to the non use or cessation or use of this mark.

"Old Dutch" by W. W. Lawrence & Co. This firm listed the trade name "Old Dutch" for prepared white paint on March 4, 1898 as appears from the 1912 Trademark Register (Request 14, RA. 98). Respondent was unable to locate this company at the time of trial (RA. 891-892) but offered no evidence as to non use of the mark or as to the duration of use.

"Old Dutch" by Old Dutch Process Manufacturing Co., Brooklyn, New York. Commencing on or about January, 1936, this firm employed a label bearing the words "Old Dutch" and the representation of a Dutch boy's head on furniture polish, liquid wax, automobile polish, ready-mixed paint and prepared shellac (Request 28(a) not denied, RA. 140). On January 25, 1939 United States Trademark Registration 353,909 was issued (Request 28(c), RA. 140-142, Exhibit 11). Respondent was unable to locate this firm at the time of trial (RA. 888-889).

"Old Dutch" by F. O. Pierce Company, New York. This company listed "Old Dutch" for base white on May 21, 1908 as appears from the 1912 Trademark Directory (Request 14, RA. 99). Respondent's information is that the use of that expression was discontinued in about 1942 or 1943 (RA. 893).

"Old Dutch" by Uhl Bros., Inc. of Los Angeles and San Francisco, California. Commencing at least as early as 1935 and continuing to the date of the trial, this firm employed a label bearing the words "Old Dutch" for paints, enamels and paint products sold by it (Request 42(a) not denied, RA. 169). This firm for a number of years maintained sales facilities for said "Old Dutch" goods in Los Angeles, San Fran-

cisco and Oakland, California; Seattle, Washington and Portland, Oregon (Request 42(b) not denied, RA. 169-170). This concern advertised its "Old Dutch" goods in the newspaper and other media common to the trade (Request 42(c) not denied, RA. 170). Exhibit 35 is a sample of the "Old Dutch" label employed by said concern (RA. 170). George Uhl, President of this firm, testified as to this use (RA. 312-332). This firm incorporated in 1896 with its principal place of business at Oakland (RA. 315). It continued in Oakland up to five years ago and still maintains a store in San Francisco. Its main office now is in Los Angeles (RA. 315). This firm has used the "Old Dutch" label for some time, between twenty and twenty-five years (RA. 317). This firm bought some of its paints from respondent and from respondent's predecessor Bass-Heuter (RA. 317-318). Exhibits 84-87 are "Old Dutch" labels used on cans sold to this firm by respondent (RA. 319-320). These labels are currently being used by this firm (RA. 320). The "Old Dutch" name on the labels is the same as that which was originally used except the original labels merely read "Uhl Bros." instead of "Delco Paint and Varnish Works" (RA. 320-321). Exhibit 88 is a color chart used by Uhl Bros. (RA. 321). The firm used newspaper and direct mail advertising (RA. 322). The "Old Dutch" brand manufactured by this firm was sold in California, Oregon, Washington, Utah and Arizona (RA. 322). The company has a number of other brands (RA. 322-325, Exhibit G). "Old Dutch" is a house paint (RA. 332). Nancy Diven, secretary and bookkeeper of this firm, also testified (RA. 332-

341). She confirmed "Old Dutch Gloss Enamel" (RA. 333); the "Old Dutch Undercoat" label; the "Old Dutch" L.Z.T. and the "Old Dutch Pure Paint" (RA. 334). She also confirmed that the color chart on "Old Dutch Pure Paint" was originally distributed through the mail. The most popular label was "Old Dutch Pure Paint" (RA. 335). The company advertised in newspapers and direct mail (RA. 336-337). Aubrey B. Chambers testified as to the labels (RA. 341-357). Mr. Chambers printed labels for this firm and recalled printing the labels in evidence for a period of ten years (RA. 343-344). He had no knowledge of the earlier labels (RA. 344). William S. Dahlem, a partner in the Security Paint Manufacturing Company, worked for Uhl Bros., Inc. over 25 years ago. Among other paints that concerned sold "Old Dutch House Paint, Old Dutch Enamel, Old Dutch Satin Gloss Enamel, Old Dutch Spar Varnish, Old Dutch Flat White" (RA. 383). Mr. Dahlem further identified the "Old Dutch" labels (RA. 383-384). James Lewis Tattersall, another partner with Security Paint Manufacturing Company (RA. 408) worked for Uhl Bros. from 1920-1944 (RA. 409). He sold "Old Dutch Lead and Zinc, Old Dutch White Paint, Old Dutch Undercoat, Old Dutch Flat Coater, Old Dutch Spar Varnish and Old Dutch Enamel" throughout the period of his employment by Uhl (RA. 409). He identified the color chart (RA. 410). He referred to window displays, Exhibits 105, 106 and 107 (RA. 410-411). He identified other brand names used by this firm (RA. 413-418). James Gray was employed by Uhl Bros. from September 7, 1907 to the present time (RA. 419-420). To his

own knowledge the San Francisco stores sold "Old Dutch" paints from the time he started work (RA. 422-423). He confirmed the Uhl Bros. labels (RA. 423-424). Exhibits 110 and 111 are pictures of the San Francisco store showing the "Old Dutch" paints in pyramids (RA. 426-427). The "Old Dutch" brand of paints was advertised in the San Francisco Examiner (Exhibits 112 and 113, RA. 427-430). When Mr. Gray started working for this firm, Bass-Heuter, a predecessor of respondent, made its paints (RA. 430). The "Old Dutch" labels and stencils were applied at the San Francisco store (RA. 433). The San Francisco store sells the other Uhl Bros. paints (RA. 436). The sales now average about 50 gallons a month in the San Francisco store and it ships an avgrage of 100 gallons a month (RA. 438-439). Charles William Blakiston, a paint and wallpaper merchant (RA. 862) sold "Old Dutch" in the early days when he was on the road (RA. 870). Charles F. Fay, a hardware merchant in Los Angeles (RA. 1308) recalled the Uhl Bros. "Old Dutch" brand (RA. 1323). He had personally known of this firm since 1929 (RA. 1349). Daniel D. Roberts, the Pacific Coast branch manager of respondent (RA. 1556) had heard of Uhl Bros. use of "Old Dutch" about 1935 and saw the label in Portland (RA. 1627-1628). Respondent had no instance of confusion concerning this brand (RA. 744-745).

"Old Dutch Enamel" by the Sherwin-Williams Company of Cleveland, Ohio. For a period commencing on or about March 20, 1912 and extending until sometime during World War II, this firm employed the words "Old Dutch Enamel" on an enamel sold

by it. (Request 27(a) not denied by respondent, RA. 118-119). Exhibit 9 is a copy of a label used by this firm (Request 27(b), RA. 137-138). Exhibit 10 is trademark Registration 164,193 granted February 23, 1923, under the Act of March 19, 1920 (Request 27(c) and answer, RA. 138-139). This firm relied upon this label in negotiating the agreement whereby Perry & Derrick changed its label from "Old Dutch Standard" to "Dutch Standard" sometime after 1936 (RA. 268). Respondent negotiated a termination of this firm's use of the expression "Old Dutch Enamel" in about 1942 (RA. 724) during the course of which this firm "said that they were not too concerned about continuing it, that the product was going out—it was a formula made according to the classic Dutch formula for enamels, and it was being superseded by newer materials." (RA. 726). Respondent had no reports concerning confusion of trade (RA. 727). Daniel D. Roberts, branch manager of respondent's Pacific Coast Branch (RA. 1556) recalled Sherwin-Williams' use of the expression "Old Dutch Enamel" (RA. 1628). Mr. Roberts had no occasion to report any instances of confusion because respondent considered that descriptive of the type of product (RA. 1632-1634).

"**Old Dutch Process**" by W. P. Fuller and Company, San Francisco, California. This firm used the word "Dutch" to describe the method by which its Pioneer White Lead was manufactured (Request 24 (a), RA. 107). J. Langer Root, the vice-president of this firm, testified as to this use (RA. 775-787). Exhibit 145 is a keg which this firm used for Pioneer

White Lead until 1949 (RA. 777). The reference "made by the Old Dutch Process" appears on the keg under the "Pioneer White Lead" and the picture of a pioneer (RA. 777). Exhibit 146 is a label used on a one pound can which was used until 1949 when the process was changed (RA. 778). This label contains the reference "Made by the Old Dutch Process of slow corrosion which insures maximum covering and hiding properties." (RA. 779). Exhibit 147 is a catalogue published in the year 1905 which has the picture of the keg and says "manufactured by the Old Dutch Process" (RA. 780-781). "Dutch Process" describes a method of making white lead (RA. 783). Mr. Root described the "Old Dutch" process (RA. 784). The notation "made by the Old Dutch Process of slow corrosion," is descriptive of the method by which this white lead is made (RA. 785). This firm discontinued to use the Old Dutch Process to make white lead in 1949 (RA. 785). The Dutch process costs too much money (RA. 786). This firm was one of the last to discontinue the Old Dutch Process (RA. 786).

"Old Dutch White Enamel" by Seidlitz Paint and Varnish Company. This firm adopted the notation "Old Dutch White Enamel" for a white enamel some 15 or 20 years ago and used it for approximately one year in and around Kansas City, Missouri (Request 45, RA. 171-172). Respondent obtained information from young Mr. Seidlitz that they haven't used it for 15 years (RA. 893).

"Royal Dutch" by Security Paint Manufacturing Company of Los Angeles (RA. 175). This firm employed a label bearing the words "Royal Dutch" for

paints which it manufactured (RA. 175). Exhibit 38 is a label used by this firm (RA. 176). William S. Dahlem, a partner in the firm, testified as to this use (RA. 380 et seq.). Exhibit 102 is a group of "Royal Dutch" labels (RA. 385-386). This label was used on a large number of products identified in the record (RA. 386). This label was adopted prior to 1945 (RA. 387). The company uses direct mail circulars (RA. 388). Respondent sent this firm a letter of infringement on January 17, 1950 (Exhibit K, RA. 401). Correspondence was exchanged (RA. 405, Exhibits L and M). Charles F. Kaegebehn referred to the notice of infringement (RA. 701-702). Walter J. Schulps, an outside salesman for respondent (RA. 1972) had seen "Royal Dutch" at his dealer's places in Bakersfield, Delano and Visalia (RA. 2015-2016).

"Royal Dutch" by Tibbetts Corporation, Los Angeles, California. A. Vernon Green, President of this firm, testified as to this use (RA. 357-380). Exhibit 92 is a "Royal Dutch" label employed by this firm since 1936 and bearing the trade name "Royal Dutch Paint Co.," a trade style employed by this firm (R.A. 362-363). This is the firm's lowest priced paint (RA. 363). This label is applied to outside white ready mixed paint, to an inside white, to an inside enamel, to an enamel undercoater and to approximately six colors in an outside ready mixed paint (RA. 369). This label represents a small volume of this firm's paint sales and this label is not advertised (RA. 378). Respondent had no evidence of confusion arising out of this label (RA. 745). This label is listed in the 1947 Trade Mark Directory (RA. 894).

Appendix C

Excerpts from Webster's New International Dictionary, Second Edition, Copyright 1941.

Dutch blue. 1. = Dutch Beech.

2. A color, blue in hue, of low saturation and medium brilliance. It is of higher brilliance than cadet.

Dutch orange. A color, red-yellow in hue, of high saturation and high brilliance. Called also *Florida gold, orpiment red, yellow carmine.*

Dutch pink. a = Yellowweed e. b A yellow lake prepared from fustic or Persian berries with alum and whiting, and used in distemper painting, for paper staining, etc. c A color, reddish-yellow in hue, of medium saturation and very high brilliance. Called also *English pink, Italian pink, stil-de-grain yellow, yellow madder.*

Dutch process. See white lead.

Dutch scarlet. = Castilian red.

Dutch vermilion. See vermilion, n., 3.

Dutch white. A pigment consisting of one part of white lead to three of permanent white.

White lead. a A heavy, white, poisonous powder consisting of basic lead carbonate, usually having the composition $2\,PbCO_3.Pb(OH)_2$, and forming a most important pigment; ceruse; also the paste formed by grinding it with oil *(white lead in oil).* In three important processes of manufacturing

white lead, metallic lead is exposed to the action of acetic acid, moisture, and carbon dioxide. Most used is the old *Dutch,* or *stack, process,* in which lead gratings or plates are placed in the upper part of pots containing the dilute acid, and the pots are stacked in fermenting tanbark or manure and left for about three months. * * *

Vermilion * * * 3. Hence, a red color like the pigment; a lively and brilliant red; as, cheeks of *vermilion.* Specific colors are: *French vermilion,* called also *paprika,* a yellowish-red color of very high saturation and medium brilliance; *Dutch vermilion,* a color slightly yellower than cherry * * *

Appendix D

DOLLAR VALUATION OF U. S. IMPORTS OF PIGMENTS, PAINTS AND VARNISHES FROM THE NETHERLANDS, 1902-58[1]

	Pigments	Paints	Varnishes	Total PP&V	Linseed Oil	Total PPVal
1902[2]	$ 4,738		$ 56	$ 4,794		$ 4,79
	9,081		35	9,116		9,11
	13,224		48	13,272		13,27
1905	35,765		143	35,908		35,90
	28,448		220	28,668		28,66
	44,442			44,442		44,44
	36,554		251	36,805		36,80
	44,474		10	44,484		44,48
1910	52,340		117	52,457		52,45
	60,619			60,619		60,61
	53,423			53,423	$ 247,025	300,44
	50,719			50,719	26,903	77,62
	58,296			58,296	3,548	61,84
1915	209,886			209,886	9,271	219,15
	423,488			423,488	4,208	427,69
	192,215			192,215	9	192,22
1918[3]						
	117,613			117,613	82,036	199,64
1920	378,600			378,600	844,181	1,222,78
	187,608			187,608	1,036,792	1,224,40
	507,537	$ 8,575		516,112	3,576,179	4,092,29
	437,551	31,268	505	469,324	906,323	1,375,64
	384,741	43,381	72	428,194	198,436	626,63
1925	419,940	42,147	515	462,602	602,767	1,065,36
	537,570	56,527	495	594,592	771,324	1,365,91
	583,511	70,344	265	654,120	65,205	719,32
	696,701	64,201	817	761,719	9,341	771,06
	594,730	88,440	2,996	686,166	166,806	852,97
1930	552,218	63,968	4,943	621,129	78,638	699,76
	502,037	41,694	8,888	552,619	9,537	562,15
	210,675	50,996	3,103	264,774	212	264,98
	356,775	247,416	12,170	616,361	303,030	919,39
	304,812	104,052	927	407,857[4]	103,058	510,91
1935	363,248	35,385	1,103	399,736	79,417	479,15
	249,775	66,318	1,197	317,290	264,438	581,72
	478,317	30,350	1,379	510,046	19,737	529,78
	313,393	32,138	1,147	346,678	4,822	351,50
	165,121	30,128	1,775	197,024	1,254	198,27

Not Available

	Pigments	Paints	Varnishes	Total PP&V	Linseed Oil	Total PPV&L
1940	3,146	11,875	653	15,674	18	15,692
	.....	.....	.....	.....	318	318
	.....	.....	.....	.....	.....	.....
	.....	.....	.....	.....	.....	.....
	.....	.....	.....	.....	.....	.....
1945	.....	.....	.....	.....	.....	.....
	554	4,732	.....	5,286	.....	5,286
	.....	3,807	.....	3,807	1,455,037	1,458,844
	.....	4,983	321	5,304	.....	5,304
	4,447	3,970	1,166	9,833	.....	9,833
1950	55,746	10,407	1,987	68,140[5]	.....	68,140
	62,936	7,514	17,933	88,383	.....	88,383
	9,942	8,709	10,516	29,167	.....	29,167
	133,727	8,554	3,938	146,219	.....	146,219
	238,339	5,404	3,960	247,703	.....	247,703
1955	203,947	4,974	2,829	211,750	.....	211,750
	156,104	5,942	2,352	164,398	.....	164,398
	239,904	7,415	1,370	248,689	.....	248,689
	569,556	7,920	4,058	581,534	.....	581,534

[1]Sources:

1902-46, Foreign Commerce and Navigation of the United States, 1902 issued by Bureau of Statistics (Treasury Dept.); 1903-10 by Bureau of Statistics (Dept. of Commerce and Labor), and 1911-40 by Bureau of Foreign and Domestic Commerce; 1941-46 by Bureau of Census (Dept. of Commerce).

1947-58, Reports Nos. FT 110 and 120, U.S. Imports of Merchandise for Consumption, Dept. of Commerce, Bureau of Census.

[2]1902-17, Pigments and paints were listed together as Pigments, Paints and Colors.

[3]July 1-Dec. 31, 1918. 1902-17 are fiscal years. 1919 to date are calendar years. Rev. Stat., Sec. 336, Jan. 25, 1919.

[4]Total of separately listed pigments, paints, varnishes and related products. Source gives total of $409,791.

[5]Total pigments, paints and varnishes from FT 110. FT 120 gives total as $68,026.

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JAMES R. BROWNING, Clerk

In the Supreme Court

OF THE

United States

OCTOBER TERM, 1959

No. 734

BERNARD M. WOLFE and FREDERICK J. DANNENFELSER, Individuals and Co-partners, doing business under the names and styles "Dutch Paint Company" and "Manning-Mitchell Paint Company," *Petitioners,*

vs.

NATIONAL LEAD COMPANY, a corporation, *Respondent.*

APPENDIX A ACCOMPANYING PETITION FOR THE WRIT OF CERTIORARI to the United States Court of Appeals for the Ninth Circuit.

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BERNAU-WALDEN PRINTING CO., SAN FRANCISCO, CALIFORNIA

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In the Supreme Court
OF THE
United States

OCTOBER TERM, 1959

No.

BERNARD M. WOLFE and FREDERICK J. DANNENFELSER, Individuals and Co-partners, doing business under the names and styles "Dutch Paint Company" and "Manning-Mitchell Paint Company,"

Petitioners,

vs.

NATIONAL LEAD COMPANY, a corporation,

Respondent.

APPENDIX A ACCOMPANYING PETITION FOR THE WRIT OF CERTIORARI

to the United States Court of Appeals for the Ninth Circuit.

In the United States District Court
Northern District of California
Southern Division

Civil Action No. 29177

BERNARD M. WOLFE and FREDERICK J. DANNENFELSER, Individuals and Copartners, Doing Business Under the Names and Styles, "DUTCH PAINT CO." and "MANNING-MITCHELL PAINT CO.,"
Plaintiffs,

vs.

NATIONAL LEAD COMPANY, a Corporation,
Defendant.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

(Reproduced Appeal Record No. 13,737, pp. 62-84)

This cause having come on regularly for hearing before the Court of the late Honorable Herbert W. Erskine, Judge, on November 6th, 7th, 8th, 9th, 10th, 13th, 14th, 15th, 16th, 17th, 20th, 21st, 22nd, 27th, 28th, 29th, 30th, 1950; December 1st, 4th, 5th, 6th, 7th, 8th, 11th, 12th, 1950; James M. Naylor, Esq., and Frank A. Neal, Esq., of Naylor and Lassagne, San Francisco, California, appearing for plaintiffs, and Robert E. Burns, Esq., of San Francisco, California, and O. W. Jeffery, Esq. and John B. Henrich, Esq., of New York, New York, appearing for the defendant, upon

the Complaint and Answer, defendant's Counterclaim and Response thereto, and upon oral testimony taken in open court and by depositions and documentary exhibits [63] introduced therein, and thereafter upon the death of the Honorable Herbert W. Erskine having been, upon the stipulation of the parties, argued orally on July 5th, 10th, 12th, 17th, 18th and 19th, 1951, Milton Handler, Esq., of New York, New York, additionally appearing for the defendant and thereupon submitted for decision to the Court of the Honorable Edward P. Murphy, and the Court having on August 11th, 1952, signed and entered an Order granting judgment for plaintiffs and dismissing the Counterclaim of defendant, the Court now makes the following findings of fact and conclusions of law:

Findings of Fact

1. This is a suit brought by Bernard M. Wolfe and Frederick J. Dannenfelser, individuals and co-partners doing business under the names and styles "Dutch Paint Co." and "Manning-Mitchell Paint Co.," plaintiffs, against National Lead Company, a corporation, defendant, for declaratory judgment concerning the use of plaintiffs' trade-mark and trade name.

2. Plaintiffs are citizens of the State of California and co-partners doing business under the names and styles "Dutch Paint Co." and "Manning-Mitchell Paint Co.," with their principal place of business in the City and County of San Francisco, State of California.

3. Defendant, National Lead Company, is a corporation organized and existing under laws of the State of New Jersey, which has qualified and is now qualified to do business in the State of Cali-[64]fornia, and has a designated agent for the service of summons in the State of California, registered with the Secretary of the State of California, and is now and has been actually doing business at a regular and established place of business in said City and County of San Francisco, California.

4. The amount in controversy exceeds, exclusive of interests and costs, the sum of $3,000.00.

5. Plaintiffs, Bernard M. Wolfe and Frederick J. Dannenfelser, are the remaining members of a group of five which started the business now operated by plaintiffs. This group consisted of four Naval officers and one civilian who had had considerable experience in the paint porgram at the Mare Island Navy Yard during World War II, and it included plaintiffs, Harold Brez and Robert Manning Mueller, each of whom was a Naval officer, and Arthur E. Burns, Jr., who had been a civilian chemist assigned to the Mare Island paint program.

6. This group of five men decided to enter the paint business in civilian life following the cessation of hostilities in World War II, and they were the incorporators of Manning-Mitchell, Inc., which was organized in December, 1945.

7. Primarily, this enterprise was formed to specialize in marine finishes, and shortly after organization a contract was entered into with Pacific Paint & Var-

nish Co., of Berkeley, California, for the latter's manufacture of the paint to be sold according to formulations supplied by the new enter-[65]prise, and some paint was produced according to this arrangement as early as December, 1945. In this initial operation plaintiffs' predecessor procured marine paints, anti-fouling paints, anti-corrosive paints, hull paints, general Naval specification paints, some types of tank coatings and a few specialties.

8. Time and effort was expended by this new enterprise in getting the marine finishes off to a start, including trips to contact the trade and establish outlets, as well as the preparation of labels and advertisements.

9. The relationship with Pacific Paint & Varnish Co. continued for just a few months or until approximately April 30th, 1946, at which time the officials of Pacific Paint & Varnish Co. cut plaintiffs' predecessors off from a supply and suggested that they go out and try to find a paint manufacturing facility of their own. During this period plaintiffs' predecessors were seeking "veterans' quotas" of titanium pigment, and while they asked for quotas for four veterans, it was not until later that they were awarded quotas for only two veterans.

10. When the relations with Pacific Paint & Varnish Co. came to an end, plaintiffs' predecessors set about locating a paint manufacturing facility of their own and for that purpose acquired a concern known as "Dutch Paint Co." located at 325 Sacramento Street, San Francisco, California. This was a small paint

factory owned by a firm at that time known as United Industries. The factory had paint [66] producing physical equipment and raw materials and was a going business. Among the physical assets acquired in the purchase of the Dutch Paint Co. was a supply of "Dutch Paint" labels.

11. At the time of its acquisition by plaintiffs "Dutch Paint Co." had been in business under that name and producing "Dutch Paint" since approximately August, 1941.

12. Upon acquisition of Dutch Paint Co. plaintiffs' predecessors produced two lines of marine paints, "racing" finishes for the yacht trade, and "shipping" finishes for the heavier steamship trade, as well as industrial finishes and a top-grade line of house paints under the "Manning-Mitchell, Inc.," label. Additionally, plaintiffs' predecessors continued to supply those customers that were on the books with "Dutch Paint," working off inventory, that is to say, the inventory they acquired upon the purchase of "Dutch Paint Co."

13. At the time of acquisition of the Dutch Paint Co. by plaintiffs' predecessors, the premises at 325 Sacramento Street bore the window sign, "Dutch Paint, Manufacturers of Paints and Varnishes": there were display shelves with a complete line of "Dutch Paint" displayed and it had a display window into which the new enterprise immediately put a display of "Dutch Paint" cans, which display they maintained for the entire period of time they occupied the premises at 325 Sacramento Street.

14. Arthur E. Burns, Jr., remained with the new [67] concern until May, 1946; Robert Manning Mueller remained until about April 30th, 1948, and Harold Brez remained until April 30th, 1949.

15. As of May, 1946, plaintiffs' predecessors had their quota of titanium pigment fixed by the principal suppliers at two veterans' quotas, with half of that in pure titanium dioxide and the other half of that in extended titanium dioxide.

16. Plaintiffs soon found that this short supply of titanium pigment would not enable them to carry out their initial plan to specialize on marine paints and make a living, but were informed by their suppliers that the shortage was temporary, and they therefore elected to concentrate on their marine finishes and industrial finishes and their "Manning-Mitchell" line of paints, while continuing to supply the Dutch Paint Co. customers on the books at the time they acquired the facility with "Dutch Paint" paints and painters' materials.

17. The aforesaid shortage of supply of titanium pigment still prevailed during the summer of 1947, and at that time the new enterprise decided it should increase the manufacture of its "Dutch Paint" which would enable them to manufacture more gallonage of paint with greater sales and greater profits.

18. In the marking of "Dutch Paint" plaintiffs continued to employ the "Dutch Paint" labels that were on hand at the time of purchase of Dutch Paint Co. until the supply was exhausted, and in [68] the

spring of 1948 plaintiffs adopted a new label for their "Dutch Paint."

19. By the fall of 1947 plaintiffs had commenced their advertising of "Dutch Paint," supplying newspaper mats to their dealers for that purpose, and the tempo of advertising has increased since that time, with extension to other media.

20. There has been no cessation of the use of the trade style "Dutch Paint Co." since May, 1946, even though, on the recommendation of the United States Maritime Commission, the name of the corporation "Dutch Paint Co." was changed to "Mannin-Mitchell Paint Co." as a condition precedent to official approval of plaintiffs' paint making facility.

21. Plaintiffs' "Dutch Paint" labels are in a tasty get-up of red letters upon a grey background, footed with white and red bands, and no pictorial matter of any kind appears upon the label.

22. The defendant, National Lead Company, has had direct knowledge of plaintiffs' use of the trade name "Dutch Paint Co.," and the trade-mark "Dutch Paint" since May of 1946, having acquired that knowledge by dealing with plaintiffs on a supplier-customer basis, billing for raw materials under the name "Dutch Paint Co." Additionally, defendant's employees and representatives called on plaintiffs at their original place of business at 325 Sacramento Street, San Francisco, at which premises "Dutch Paint Co." was plainly designated and where displays of goods bearing the trade-mark [69] "Dutch Paint" were maintained, and the defendant's em-

ployees aided and assisted plaintiffs in the matter of paint formulations, and to that end were given plaintiffs' "Dutch Paint" formulas. Defendant's employees fraternized with plaintiffs in the Golden Gate Paint & Varnish Club at which the plaintiff, Bernard M. Wolfe, was introduced as a representative of the "Dutch Paint Co." Also one of defendant's employees introduced one of the earlier members of plaintiffs' organization, namely, Harold Brez, to a member of the industry as being "of the Dutch Paint Co."

23. In the month of March, 1948, defendant, National Lead Company, protested a radio spot announcement advertisement sponsored by plaintiffs over a Sacramento radio station; evidenced its contentment with plaintiffs' undertaking to discontinue radio as a medium of advertising, and its satisfaction with plaintiffs' newspaper advertisements and plaintiffs' label, and appeared content until it elected to give the notice of infringement which was a condition precedent to the commencement of this action.

24. This controversy was precipitated by a letter of protest sent by the defendant, National Lead Company, to the plaintiffs under date of June 30th, 1949, complaining solely of advertising methods, and a second communication under date of August 19th, 1949, charging plaintiffs with infringement of defendant's "Dutch Boy" trade-mark by plaintiffs' use of the "Dutch Paint" mark. [70]

25. Defendant, National Lead Company, is now one of the largest and best known manufacturers of

paints and raw materials used in the manufacture of paints and paint products. In its earliest days, defendant was concerned largely with the production of white lead according to the "Dutch Process," which has since been supplanted by more modern methods.

26. Some time prior to 1941 the defendant adopted as its trade-mark for white lead of its manufacture the fanciful portrait of a little Dutch boy in a sitting posture holding aloft a paint brush. This Dutch boy mark was referred to by name in defendant's advertising from the year 1907 to 1914 and was then supplemented by the adoption by defendant of the words "Dutch Boy" to form its composite mark.

27. In 1914 the composite mark consisting of the words "Dutch Boy" and the picture of the Dutch boy was applied to defendant's white lead and linseed oil; with subsequent extension to white lead paint in 1918; to flatting oil in 1918; to lead mixing oil at about the same time; to liquid dryer in the early 1930's; to wall primer in 1922; to colors in oil in the 1930's; to liquid red lead paint in 1913; to dry white pigments in 1938, and to ready mixed paint (excluding Pacific Coast sales) in 1918.

28. Defendant, National Lead Company, took over Bass-Heuter Paint Company, of San Francisco, in about the year 1930; continued to use the "Bass-Heuter" label for a few years; then put the [71] Dutch boy figure on that label and later changed to a complete "Dutch Boy" label.

29. Defendant's "Dutch Boy" labels are in two different color patterns, namely, the blue and white and the orange and black. In the blue and white series there is a wide white band at the top, upon which the figure of the Dutch Boy appears directly above the words "Dutch Boy" in black, semi-script letters. Below this there is a narrower band of blue upon which color and product description appears. In the orange and black series defendant displays a predominantly black label upon which the Dutch boy picture is shown in orange directly above the words "Dutch Boy" in orange, semi-script letters, there being a narrow orange band at the top of the label and a wider orange band at the bottom thereof, with the product description printed thereon.

30. Defendant's orange and black label products are intended for the painters and painters' trade, whereas the blue and white label products are intended for consumer's business.

31. The earliest national advertisement of the "Dutch Boy" blue and white label products was in 1947, and the earliest reference to "Dutch Boy Paints," as distinguished from white lead, in defendant's national advertising occurred in 1950.

32. The historical pattern of the adoption and use of defendant's "Dutch Boy" trade-mark was established in the face of antecedent descriptive use in the trade of the word "Dutch" in reference to [72] white lead; "Old Dutch" for base white (a paint product) by F. O. Pierce & Co., of Long Island, New York; "Dutch Kalsomine" for calcimine by The Muralo

Company, of New York, New York, and a 1912 listing of a host of "Dutch" users in the Trade-Mark Directory of the National Paint, Oil & Varnish Association, by which name it was then known.

33. Mr. C. F. Kaegebehn, Manager of defendant's Patent Department, admitted that National Lead Company did not have "proprietary legal exclusive right to the word 'Dutch' in connection with paint and paint products," the while suggesting that a "show of force" by defendant be used in lieu of such right.

34. W. P. Fuller Co., of San Francisco, is shown to have been making white lead according to the "Old Dutch" process and marking its containers accordingly in the descriptive context portions thereof at least as early as October, 1905, and possibly even earlier, and to have continued that practice to the year 1949.

35. Defendant, National Lead Company, admitted that the word "Dutch" in the term "Dutch White" designates descriptively a pigmentary composition in which the pigment portion thereof was a mixture of zinc oxide and basic lead carbonate.

36. Defendant admitted that F. O. Pierce & Co., of Long Island, New York, employed the notation "Old Dutch" as a descriptive designation for a [73] product known as "Base White," that the use thereof commenced in or about 1898 and continued until about 1941 or 1942.

37. Defendant admitted that the word "Dutch" in the term "Dutch Enamel" designates descriptively a paint composition in which the pigment portion

consisted essentially of zinc oxide and the vehicle portion consisted essentially of linseed oil, and improvements and developments of such composition. Defendant acknowledged the fact that there was a "classic Dutch Enamel formula" and that many manufacturers had continued to designate that kind of enamel or an improvement thereof as "Dutch Enamel."

38. Mr. C. F. Kaegebehn pointed out on the record a number of users of the "classic Dutch Enamel formula" or improvements thereof, and among them "Amsterdam Everlasting White Enamel," upon the label of which appears the notation "Dutch Style," which was said to be a descriptive use; Federal Paint Co., Inc., of New York, New York, producers of "Dutch Enamel"; Sherwin-Williams "Old Dutch Enamel," "Neu-Dutch" by the Superior Paint & Varnish Corporation, of Chicago, Illinois; "Amsterdam Old Dutch White Enamel," by Great Lakes Varnish Works, Inc., of Chicago, Illinois, and "Old Dutch White Enamel" by Uhl Bros., Inc., of Los Angeles and San Francisco, California.

39. Mr. C. F. Kaegebehn testified that to him the use of the expression "Dutchland Enamel" upon the label of Packard Paint & Varnish Co., of [74] Cambridge, Massachusetts, belonged in this category since it connected the word "Dutch" with enamel and suggested that the product is either a classic composition or a modification of it.

40. Defendant admitted that the word "Dutch" in the term "Dutch Stand Oil" descriptively designates

linseed oil product produced by exposure of raw linseed oil to the actinic rays of the sun or from an accelerated process simulating the effects of such exposure.

41. Defendant placed "Dutch Kalsomine," as used by The Muralo Company, Inc., of New York, New York, in the class of descriptive uses of the word "Dutch."

42. Mr. C. F. Kaegebehn testified that the use of the notation "Holland-Dutch" by the Pervo Company on its waterproof paint had been represented to him as a product made according to a formula developed by a family in Holland and "in that sense it was descriptive of a Dutch thing."

43. The evidence showed that a number of concerns had employed the notation "Dutch White" as a descriptive color designation: by Tibbetts Corp., of Los Angeles, California, and by The Reardon Company, producers of "Bondex Waterproof Cement Paint," the latter product having been distributed by National Lead Company and included in defendant's price list for sundries.

44. The evidence showed that the word "Dutch" has been employed by the trade in the phrase [75] "Dutch Blue" as a descriptive color designation, and Pacific Paint & Varnish Co., of San Francisco and Berkeley, California, the Pervo Company, of Los Angeles, California, Gillespie Varnish Co., of Jersey City, New Jersey, and Edward Smith & Co., Inc., of New York, New York, were identified as such users.

45. Webster's New International Dictionary of the English Language, Second Edition, 1941, was shown to contain definitions for "Dutch Blue," "Dutch Orange," "Dutch Pink," "Dutch Scarlet" and "Dutch Vermillion," as well as "Dutch White."

46. The evidence additionally showed that the word "Dutch" is descriptive of paint brushes and a plurality of brush catalogs demonstrated this, including the sundry price list of the defendant, National Lead Company, offering "Dutch Kalsomine" brushes.

47. The evidence adduced by plaintiffs, established a substantial number of third party uses of the word "Dutch" in the designation of paints and paint products, including: "Old Dutch" for base white (a paint product) by F. O. Pierce & Co. for 43 years; "Dutch Kalsomine" for calcimine by The Muralo Company for 40 years; "Old Dutch Enamel" for enamel by The Sherwin-Williams Co. for 24 years; "Dutch Standard" for paints and paint products by The Harrison Paint & Varnish Co. for 17 years; "Dutch Masters" for paints and paint products by Dutch Masters Paint & Varnish Co. for 24 years; "Dutch Enamel" for enamel by Fed- [76] eral Paint Co., Inc., for 25 years; "Holland-Dutch" for waterproof paint by Pervo Paint Company for 23 years; "Dutch Brand" for paints and paint products by The Perry & Derrick Co. for 22 years; "Amsterdam Old Dutch" for enamel by Great Lakes Paint & Varnish Works for 10 years; "New-Dutch" for enamel by Superior Paint & Varnish Corp. for 13 years; "Dutch Kraft" for paints by Grand Rapids Paint & Enamel Co. for 22 years;

"Dutch Mill" for paint by M. G. Stoneman & Son, of Albany, New York, for 16 years; "Dutchland" for paints by Packard Paint & Varnish Co. for a period of use that was unknown; "Dutch" trade-mark and "Dutch Paint Co." trade name for paints by North Jersey Paint Co. for 20 years; "Old Dutch" for paints and paint products by Uhl Bros., Inc., for 25 years; "Old Dutch" for white enamel by Seidlitz Paint & Varnish Co. for a period of use that was unknown; "Dutch Country" for paint by Benjamin Foster Co. for a period of use that was unknown; "Dutch Style" for white enamel by the Chicago White Lead & Oil Co. (Hooker Glass & Paint Mfg. Co., successors) for 10 years; "Royal Dutch" as a trade-mark and "Royal Dutch Paint Co." as a trade name for paint by Tibbetts Corp. for 14 years; "Dutch White" as a color designation by Tibbetts Corp. for 10 years, and "Royal Dutch" for paints and paint products by Security Paint Mfg. Co., for 5 years.

48. Of the aforementioned third party users of the word "Dutch" the evidence definitely estab-[77] lished that Federal Paint Company, Dutch Masters Paint & Varnish Co., The Perry & Derrick Co., Great Lakes Varnish Works, M. G. Stoneman & Son, North Jersey Paint Co., and Security Paint Mfg. Co. were customers of National Lead Company.

49. Defendant, National Lead Company, was spurred into activity after the commencement of this action to protest the use by North Jersey Paint Company of the words "Dutch" and "Dutch Paint Company" and the use of "Royal Dutch" by Security

Paint Mfg. Co., but when asked to point to a single instance in which it had protested the use of the word "Dutch" that was not accompanied by a device or picture of some kind, defendant was able to identify only Twentieth Century Paint Co., of New York, a producer of "Dutch Blend," as to which protest was begun in the summer of 1949.

50. For the most part and until the commencement of this action, National Lead Company has been content to limit its protests against the use of the word "Dutch" to those situations in which the word was accompanied by a device or picture of some kind.

51. In a number of instances where defendant, National Lead Company, saw fit to protest third party uses of pictorial illustrations of Dutch characters in connection with paints and paint products, it was content to conclude the matters with express or implied recognition that the uses of the word "Dutch" could continue, where the same was [78] not accompanied by pictures or devices, and examples of this course of conduct were The Harrison Paint & Varnish Co. in its use of "Dutch Standard"; Pervo Paint Co. in the use of "Holland-Dutch," and The Muralo Co. in its use of "Dutch Kalsomine."

52. For many years past, defendant, National Lead Company, has maintained a Class A membership in the National Paint, Varnish & Lacquer Association; has been a subscriber to the various publications issued by that Association and its predecessor, and has caused its trade-marks to be registered therein, and at times has purchased the Trade-Mark Directory

published by the Association, wherein there have been listed many third party uses of the word "Dutch" in connection with paints and paint products.

53. The evidence adduced on the trial revealed that the average or ordinary purchaser of paint is neither careless nor indifferent, but rather is inquisitive, seeking of the seller advice concerning the steps to be taken preparatory to the use of paint and paint products, as well as the properties and characteristics of such goods, before getting down to the actual purchase of an item.

54. In many instances the ordinary purchaser of paint engages in an extended conversation with the store clerk, stating the nature of the job to be done, asking a recommendation, seeking advice concerning color and making an inquiry as to price. Frequently the customer's attention would be directed by the [79] clerk to the particular portion of the label on which the directions are printed.

55. It is seldom that a customer enters a paint store, lays down the purchase price and picks up a can of paint and walks out without conversation.

56. There are many instances in which people have conversations with paint store clerks and do not purchase anything.

57. The defendant, National Lead Company, in its attempt to show confusion in trade, drew on five main sources for its proof, namely, (a) its dealers; (b) its employees; (c) a handful of retail customers; (d) errant copywriters, and (e) an "odds and ends" collection of data.

58. In the dealer category, defendant, National Lead Company, called a group of persons who gave hearsay testimony, by deposition and in open court, concerning so-called "confusion" between the products of plaintiffs and defendant by customers, but none of the customers was shown to have been an ordinary purchaser of paint exhibiting the buying habits normally expected of him.

59. In the employee category, defendant called a number of its employees, not concerned with direct contact with the purchasing public, to give evidence of so-called "confusion" as between plaintiffs' and defendant's products, but none of the persons identified was shown to have been the ordinary purchaser of paint exhibiting the buying habits normally expected of him. [80]

60. In the retail customer category, defendant, National Lead Company, called but one witness for testimony in open court, and he was not an ordinary purchaser of paint exhibiting the buying habits normally expected of such a person.

61. Of the several deposition witnesses called by defendant, National Lead Company, to testify as customers concerning alleged confusion between the products of plaintiffs and defendant, none was shown to have been the ordinary purchaser of paint exhibiting the buying habits normally expected of him.

62. In the errant copywriter category, defendant produced a proofreader, two advertising salesmen and a former newspaper publisher to testify concerning the insertion of the word "Boy" after the word

"Dutch" in ads that had been purchased by plaintiffs' dealers, and the members of this group were shown to be careless and indifferent concerning the proper identification of plaintiffs' products.

63. Defendant's "odds and ends" collection of evidence of so-called "confusion" included such items as misdirected or misdelivered mail, telephone calls and miscellaneous matters of that kind in a negligible amount.

64. Defendant, National Lead Company, did not produce in open court or by deposition a single ordinary purchaser of paint or paint products, shown to have exhibited the buying habits normally attributable to such purchaser, who had been confused as between plaintiffs' and defendant's products. [81]

Conclusions of Law.

1. The Court has jurisdiction of the subject matter and the parties.

2. Plaintiffs, and their predecessors, in employing the name and style "Dutch Paint Co." have not violated any rights of the defendant in its "Dutch Boy" trade-mark.

3. Plaintiffs, and their predecessors, in employing the trade-mark "Dutch Paint" have not infringed any rights of the defendants in its "Dutch Boy" trade-mark, because these marks differ in sound, significance and appearance.

4. Plaintiffs, and their predecessors, in employing the trade mark "Dutch Paint" and the name and

style "Dutch Paint Co." have not competed unfairly with the defendant.

5. Plaintiffs, and their predecessors, in the advertisement and sale of "Dutch Paint" have not infringed any trade-mark rights of the defendant, nor have they competed unfairly with the defendant.

6. Plaintiffs' "Dutch Paint" labels are distinguishably different from defendant's "Dutch Boy" labels and the use of them does not constitute infringement of defendant's rights or unfair competition with defendant's business.

7. Defendant's rights in its "Dutch Boy" trade-mark are of limited scope and do not preclude plaintiffs' use of the mark "Dutch Paint," for the reasons that: [82]

(a) The word "Dutch," per se, is generically descriptive of paints and paint products and was generically descriptive at the time of defendant's adoption of its "Dutch Boy" trade-mark.

(b) The word "Dutch" is incapable of exclusive appropriation as a trade-mark for paints and paint products, as admitted by defendant.

(c) Since prior to defendant's adoption and first use of the mark "Dutch Boy" and continuing to date, third party paint manufacturers have used the word "Dutch" as a component part of trade-marks for paints and paint products, of which "Dutch Kalsomine," "Old Dutch Enamel," "Dutch Standard," "Dutch Masters," "Dutch Brand," "Old Dutch" and "Royal Dutch," to cite a few, are examples.

(d) Defendant does not have a preferred right to the word "Dutch," per se, arising out of the application of the principles of secondary meaning or otherwise.

8. Defendant has for years acquiesced in many third party uses of the word "Dutch" as a component part of trade-marks for paints and paint products, having direct knowledge or chargeability with knowledge thereof, and assuming it ever had the right to exclude others from a use of the word "Dutch," per se, defendant has abandoned the same.

9. Defendant acquiesced in the use by plaintiffs and their predecessors of the trade-mark "Dutch Paint" and the name and style "Dutch Paint Co." and is now estopped from asserting a right in its "Dutch Boy" trade-mark sufficiently broad to ex- [83] clude plaintiffs from the continued use of said trade-mark and name and style and from asserting that plaintiffs' use of said trade-mark and name and style constitutes unfair competition.

10. Such confusion as was shown on the trial of the cause resulted from the common use by the parties of the descriptive word "Dutch" and not from the use by plaintiffs of any word or feature peculiar to the defendant or from the manner of use of plaintiffs' mark "Dutch Paint" or its trade name and style "Dutch Paint Co."

11. Under the facts of this case, and taking into consideration defendant's long familiarity with plaintiffs, the trade-mark and trade name they were us-

ing, as well as the mode and manner of such uses, the paint formulation aid offered and given plaintiffs by defendant, the sales of raw materials by defendant to plaintiffs, and the bolstering, by these facts, of plaintiffs' initial and reasonable assumption that they had an unrestricted right to use the trade-mark "Dutch Paint" and the trade name "Dutch Paint Co.," it would be unjust for this Court to give defendant judgment on its counterclaim.

12. Such confusion as was shown on the trial of the cause was not actionable confusion, since none of the testimony adduced by defendant showed that the persons claimed to have been "confused" were ordinary purchasers of paint exhibiting the standard of care expected of them viewed in the light of the buying habits of purchasers of such merchandise. [84]

13. Plaintiffs are entitled to have judgment on their Complaint and defendant's Counterclaim is dismissed.

14. Plaintiffs are entitled to their costs incurred in this action.

Dated: January 2nd, 1953.

/s/ EDWARD P. MURPHY,
United States District Judge.

Receipt of copy acknowledged.

[Endorsed]: Filed January 2, 1953.

[Title of District Court and Cause No. 29,177]

JUDGMENT

(Reproduced Appeal Record 13,737, pp. 84-86)

This cause came on to be heard before the Court, upon the Complaint and Answer, defendant's [85] Counterclaim and Response thereto, and upon oral testimony taken in open court and by depositions and documentary exhibits introduced therein, and thereupon, upon consideration thereof, the Court having entered an Order granting judgment for plaintiffs and dismissing the Counterclaim of defendant and made its Findings of Fact and Conclusions of Law, it is now

Ordered, Adjudged and Decreed as follows:

1. That plaintiffs' use of the word "Dutch" in the notation "Dutch Paint" and the trade name "Dutch Paint Co.," in connection with paint products, is not a violation of the defendant's rights in and to its trade-mark "Dutch Boy," used in connection with paint products.

2. That plaintiffs in their use of their trade name "Dutch Paint Co." and in their use of the trade-mark "Dutch Paint" do not infringe any rights of the defendant in the trade-mark "Dutch Boy."

3. That plaintiffs in their use of their trade name "Dutch Paint Co." and in their use of the trade-mark "Dutch Paint" have not competed unfairly with the defendant.

4. That plaintiffs have and recover their costs herein taxed by the clerk in the sum of Two Thou-

sand One Hundred and One Dollars and 91 Cents ($2101.91) and that execution issue therefor. [86]

5. That defendant's Counterclaim be and the same is hereby dismissed.

Dated: January 2nd, 1953.

/s/ EDWARD P. MURPHY,
United States District Judge.

[Endorsed]: Filed January 2, 1953.

United States Court of Appeals
for the Ninth Circuit

National Lead Company, a Corporation,
Appellant,

vs.

Bernard M. Wolfe and Frederick J. Dannenfelser, Individuals and Copartners, Doing Business Under the Names and Styles "Dutch Paint Co.," and "Manning-Mitchell Paint Co.,"
Appellees.

No. 13,737
May 17, 195

Appeal from the United States District Court for the Northern District of California, Southern Division.

Before DENMAN, Chief Judge, and POPE, Circuit Judges, and BYRNE, District Judge.

POPE, Circuit Judge.

The plaintiffs-appellees, citizens of the State of California, brought a suit for declaratory relief against the defendant-appellant, a New Jersey corporation, praying for an adjudication that the plaintiffs' use of the words "Dutch", "Dutch Paint Company" and "Dutch Paint" in connection with the paint and paint products manufactured and processed by them does not infringe the rights of appellant in its trade mark "Dutch Boy".

Appellant, by counterclaim, alleged its prior adoption and use of the trade mark "Dutch Boy", the registration of this mark, for paint products, in the United States Patent Office in 1937; that it has built up a large and profitable business in its products identified with that trade mark and has spent large sums in advertising it; that since 1949 the appellees, with knowledge of appellant's trade mark, have used the words "Dutch Paint Company", "Dutch" and "Dutch Paint" in connection with their manufacture and advertising of paint products in a manner calculated and liable to confuse and deceive the public in believing that appellees' products are manufactured by or originate with the appellant; that this was unfair competition as well as infringement of appellant's trade mark and its registration.

Upon this counterclaim the appellant sought an injunction against further use by the appellees of the words objected to; an accounting of profits from the alleged infringement of the trade mark, and an award of damages.

The case was tried and all testimony taken before Honorable Herbert W. Erskine, District Judge, who died before he could make or file any findings in the case. By agreement of the parties the cause was submitted to the Honorable Edward P. Murphy upon the record of the testimony and other evidence previously presented to Judge Erskine. The court made findings of fact and entered a judgment in favor of the appellees as plaintiffs and dismissed the appellant's counterclaim. Upon this appeal the specifications of

error in the main assert the right of appellant to have judgment upon this counterclaim.

The record shows that the appellant is a large and well known manufacturer of paint and paint products which it has sold to the trade and the consuming public throughout the country for more than 40 years. In 1907 it adopted a picture of a Dutch boy as its trade mark for white lead. Subsequently it commenced using the words "Dutch Boy" in its advertising and these words were applied successfully to linseed oil, red lead paint, white lead paint, flatting oil, wall primer and other paint products. The word trade mark "Dutch Boy" was registered in the Patent Office in 1937 for a number of paints and paint products including inside and outside paints, primers, undercoats, lacquers and varnishes. All these uses antedated by a considerable number of years the appellees' entry into the paint business. In connection with its sales of Dutch Boy paints appellant made very large expenditures devoted to advertising its Dutch Boy trade mark. Its products were shown to be regularly sold through independent dealers as well as through its 39 retail stores. There were some 1200 of these dealers in the eleven Pacific Coast states. Appellant's sales of paint products bearing this trade mark have aggregated over six hundred million dollars and it has expended in excess of nineteen million dollars in national advertising.[1]

[1]The findings reflect the difficulty of the trial judge in dealing with a record of evidence none of which he had heard from the lips of witnesses. Thus he appears to have overlooked the extensive testimony, uncontradicted, as to the many years of selling

The appellees on the other hand entered the paint business in 1946 after their discharge from the Navy where they had had some training in connection with the naval paint program. After initiating the paint business and incorporating their enterprise under the name of Manning-Mitchell, Inc., they had some difficulty in procuring raw materials for their marine

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and advertising Dutch Boy paints, long prior to the appellees' commencement of the business, and limited himself on this subject to a finding as follows: "The earliest national advertisement of the 'Dutch Boy' blue and white label products was in 1947, and the earliest reference to 'Dutch Boy' paints as distinguished from white lead, in defendant's national advertising, occurred in 1950". The impression given is that appellant did not begin to advertise its paints, and particularly its mixed ready to use paints, at least on the national scale, until 1947 or even 1950.

The record is quite otherwise. As appears from the deposition of appellant's advertising manager, since 1913 appellant had been promoting the sale, on a national scale, of ready mixed paint bearing conspicuous labels with its trade mark. In the early 1930's ready mixed paints called "Colors in Oil" were sold throughout the country under the conspicuous Dutch Boy label. Its 1937 trade mark registration was for numerous paints and paint products including "ready mixed paints for exterior use" and "ready mixed paints for interior use". Beginning in 1918 what were known as "flatting paints" were sold under the Dutch Boy trade mark; and in the years between 1930 and 1940 similar Dutch Boy labels were applied to white lead paint, lead mixing oil, gloss enamels, varnish, quick drying enamel, enamel undercoat, semi-gloss, flat wall paint, wall primer, one coat flat wall base and liquid dryer. The record includes numerous photographs of samples of appellant's paint containers bearing the Dutch Boy label as distributed nation-wide in the years prior to 1940. Some of these were on products such as linseed oil and flatting oil, apparently for use of professional painters in mixing paint, but many of them are of mixed ready for use paints designed for sale to the consumers such as "Dutch Boy Outside White", "Dutch Boy Satin Egg-Shell", "Dutch Boy Interior White".

Since 1938 appellant produced a full line of more than 30 types of ready mixed paints, each in a variety of colors, and all particularly designed for consumers' use. All were displayed bearing this label among the stocks of independent dealers nation-wide as well as in the company's own retail stores. These products were pushed with particular vigor in the area west of the Rocky Mountains. About 1930 appellant took over a concern man-

paints. Then in the same year they acquired for some $9,000 a partnership concern known as "Dutch Paint Co." at San Francisco which operated a small paint factory and which had on hand some labels marked "Dutch paint".[2] Thereafter the appellees formed a new corporation called "Dutch Paint Company" and continued to increase the manufacture and sale of

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ufacturing a full line of paints known as Bass-Heuter of San Francisco, and thereafter put out the full line of paint products of that concern using the Dutch Boy label thereon with a smaller insert marked "formerly Bass-Heuter".

During the period following 1914 appellant advertised its trade mark products by distributing for use of painters millions of "wet-paint" signs bearing the Dutch Boy trade mark. From 1928 on it advertised its Dutch Boy products in approximately 200 newspapers throughout the country of which 40 or 50 were on the Pacific Coast. Displayed in the record are exhibits of circulars advertising Dutch Boy painters' products which were distributed to dealers throughout the country in quantities aggregating hundreds of thousands. During this period the Dutch Boy trade mark was advertised in national magazines such as the Saturday Evening Post and Colliers, and in the farm journals.

The independent dealers in Dutch Boy paint were furnished fluorescent and Neon signs. At least 30,000 of such signs have been distributed since 1915, about 15% of which were installed at the stores selling the products on the Pacific Coast. Mammoth Neon signs bearing the trade-mark were located for outdoor advertising at places of maximum automobile traffic in New York, Los Angeles, Buffalo, Philadelphia, St. Louis, Chicago, Pittsburg, Cleveland and Cincinnati.

The case was tried in 1950 and the appellant's advertising manager in testifying produced color advertisements currently appearing that year in national magazines bearing the phrase "Dutch Boy Paints". The unfortunate reference in the quoted finding to the year 1950 is based upon the testimony of appellant's advertising manager that "that particular phrase" first appeared in those 1950 advertisements. The result of this wholly unwarranted finding is that it gives an erroneous impression that appellant had only "come lately" with its trade mark into the mixed paint field.

[2]The district court's findings erroneously recite that this Dutch Paint Co. had been producing "Dutch Paint" since 1941. There is no evidence upon the subject other than that "Dutch Paint Co." was listed in the telephone book from 1941 on. When it began producing, or when it made its "Dutch Paint" labels, does not appear.

household and other paints using labels and other marks with the names "Dutch" and "Dutch Paint". It is of this use that appellant complains in its counterclaim.

The record shows beyond possible controversy that the appellants had a trade mark valid both at common law and under the applicable federal acts.[3] Neither the word "Dutch", nor the words "Dutch Boy" are used otherwise than in a fictitious, arbitrary and fanciful manner. Of course the word "Dutch" is capable of being used as a geographical term. If used to indicate a product made in Holland or by some Dutch process, it could be a descriptive term. However, the record shows without doubt that appellant's trade mark does not contain words having either a geographical or descriptive sense. In this respect the case is governed by Hamilton Shoe Company v. Wolf Brothers, 240 U.S. 251, where the court said: "We do not regard the words 'The American Girl', adopted and employed by complainant in connection with shoes of its manufacture, as being a geographical or descriptive term. It does not signify that the shoes are manufactured in America, or intended to be sold or used in America, nor does it indicate the quality or characteristics of the shoes. Ind ed, it does not, in its primary signification, indicate shoes at all. It is a

[3]Although the record discloses no attack on the registration of appellant's trade mark, the trial court failed to make any finding thereon, or even to note the fact of registration in the findings.

fanciful designation, arbitrarily selected by complainant's predecessors to designate shoes of their manufacture. We are convinced that it was subject to appropriation for that purpose, and it abundantly appears to have been appropriated and used by complainant and those under whom it claims. . . . 'The American Girl' would be as descriptive of almost any article of manufacture as of shoes; that is to say, not descriptive at all."

Here there is no likelihood that the use of the name "Dutch" or "Dutch Boy" in connection with the appellant's goods would be understood by purchasers as representing that the goods or their constituent materials were produced or processed in Holland or that they are of the same distinctive kind or quality as those produced, processed or used in that place.[4]

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[4]See comment on Subdivision (a) of §720 Restatement of Law of Torts, as follows: "Arbitrary or fanciful use: The reasons for the rule that geographical names cannot be trade-marks do not weigh heavily when the geographical name has obviously only an arbitrary or fanciful significance in connection with the goods upon which it is used. Thus Gibraltar may be a trade-mark for automobiles since there is no likelihood that such use of the name would lead purchasers to suppose that there is any particular relation between the automobiles and the geographical locations known by that name, or any likelihood that it would seriously interfere with the freedom of merchants at Gibraltar to use that name. Again, Ethiopian may be a proper trade-mark for ladies' stockings; for, while suggestive of a certain color and sheen, it is only fancifully so and there is no likelihood that other merchants may have occasion properly to use the name Ethiopia on stockings since there is no factor of importance associating stockings with Ethiopia. Such is also the case of Pacific for bread or Arctic for refrigerators."

The record and briefs do not disclose any assertion on the part of the appellees that appellant's trade mark was wholly without validity. Appellees however contend that the mark is not a "strong" but a "weak" mark, citing as their authority for this position this court's decisions in Sunbeam Furniture Corporation v. Sunbeam Corporation, 191 F. 2d 141, and Sunbeam Lighting Co. v. Sunbeam Corporation, 183 F. 2d 969. We find no resemblance between this case and our Sunbeam cases for in those cases it was pointed out that the name Sunbeam was "a meaningful word, a joyful word, a word of comfort, and of health." It was therefore held that its use was not sufficiently fanciful to warrant the granting of an injunction not merely against the use of the term "Sunbeam" on the defendants' lamps but against the use of the firm name "Sunbeam Furniture Corporation."

The fact that "Dutch" as a dictionary term has a geographical significance and that it would be possible for a manufacturer to use that word in connection with his business in its primary geographical sense is beside the point here. Thus one who manufactures paint in Holland cannot be restrained from selling his product as "Dutch" paint any more than a watch manufacturer in Switzerland can be prevented from selling his "Swiss" watches. No use of the word "Dutch" in a geographical sense is involved here for neither appellant nor appellees are marketing products or goods "likely to be understood by purchasers as representing that the goods or their constituent materials were produced or processed in the place designated by the name or that they are of some dis-

tinctive kind or quality as the goods produced, processed or used in that place."[5]

The distinction is well made by the Supreme Court in Hamilton Shoe Company v. Wolf Brothers, supra, where it contrasted with the valid use of "The American Girl" the supposititious use of a mark "American Shoes". As the appellees are not making their paints in Holland or using any Dutch processes or giving them any distinctive Dutch quality, the fact that others might have done so is of no significance in this case. There is no question also that "Dutch" has certain descriptive meanings. Thus "Dutch Kalsomine Brushes", the record shows, are paint brushes of a special construction; "Dutch White" and "Dutch Blue" are terms describing certain colors under which some paints are sold although not those of the appellees; "Dutch Process", or "Old Dutch Process" is a means of making white lead used in Holland and some manufacturers of white lead use that process and make reference to it on their labels; "Dutch Enamel" is a term descriptive of a kind of enamel first developed in Holland. Neither appellant nor appellees are engaged in the utilization of any such processes and the words "Dutch", "Dutch Paint", or "Dutch Paint Company" used by appellees are not claimed to have any relation to any product now or ever made in Holland or any process, color, or other description related to Holland or the Dutch.

We conclude therefore that the appellant's trademark was one entitled to full protection both under

[5]The words quoted are taken from Restatement of Torts, §720 (a).

the rules of the common law and under the federal acts.[6]

Under the rules and decisions generally applicable, the appellees' use of the terms here complained of would constitute an actionable infringement of the appellant's trade-mark. We note here, in connection with appellees' competing business, the use of a designation which is "confusingly similar to the [appellant's] trade name."[7] Under §32 of the Lanham Act, (15 U.S.C.A. §1114) to the protection of which appellant is entitled, the infringement is the use, without the registrant's consent, of "any registered mark in connection with the sale, offering for sale, or advertising of any goods or services on or in connection with which such use is likely to cause confusion or mistake or to deceive purchasers as to the source of origin of such goods or services. . . ."

That we have a case here of confusing similarity is very apparent and the facts of the case are not to be distinguished from those in a multitude of decisions finding infringement. Among those cases are Armstrong Co. v. Nu-Enamel Corporation, 305 U.S. 315; Brooks Clothing of California v. Brooks Bros., 9

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[6]It was alleged in the counterclaim and admitted in the response that a valid registration of the mark "Dutch Boy", obtained under the Act of February 20, 1905, is entitled to the benefits and remedies provided under the Lanham Trade-Mark Act of July 5, 1946, 60 Stat. 427, by virtue of §46(b) of that Act. The section mentioned provides that "registrations now existing under . . . the Act of February 20, 1905 shall continue in full force and effect for the unexpired terms thereof. . . . Such registrations and the renewals thereof shall be subject to and shall be entitled to the benefits of this Act [with certain exceptions not here applicable]."

[7]The quoted words are from Restatement of Torts, §717 (1)(a).

cir., 158 F. 2d 798, adopting opinion 60 F. Supp. 442; Lane Bryant Inc. v. Maternity Lane, 9 cir., 173 F. 2d 559. Here there is confusing similarity between the appellant's trade-mark and the words used by the appellees in respect to appearance, sound and meaning. The great mass of cases cited by Callman in §82.1 of his work on Unfair Competition and Trade-Marks, 2d Ed., in which confusing similarity in sound, appearance or meaning, or in some of these respects, was found to exist, make it clear that in using the words "Dutch", "Dutch Paint", or "Dutch Paint Company" in connection with their products, appellees are guilty of infringement of the appellant's trade mark. The evidence here satisfies the standards of proof set forth in Mershon v. Pachmayr, 9 cir., 220 F. 2d 879 (March 14, 1955): "There is ample evidence in the case to require the finding that there was material confusion just as the court said there would be, and that there was strong likelihood that there would be confusion, although actual confusion is not essential in the proof of infringing a trade-mark."[8]

However, the appellant produced a mass of evidence which was uncontradicted showing some 290 instances in which paint dealers, painters, industrial users of paints and retail customers were actually deceived or misled by the appellees' use of "Dutch", "Dutch Paint", "Dutch Paint Company", and by their advertisements, into believing that appellees' paints were actually the appellant's Dutch Boy paints. This evi-

[8]See the discussion in Callman, Unfair Competition in Trade-Marks, 2d Ed., §§82.3 and 80.6.

dence of actual confusion showed that it occurred in some 20 communities in California, and in communities in Washington, Oregon, Idaho, Utah, Wyoming, and Nevada, and even in Hawaii. Some of these witnesses were experienced painters or construction superintendents; others were individual consumers purchasing for their own use. Testimony was given by some of appellant's dealers and employees who related many instances of confusion on the part of the consumers visiting the stores. In addition there was substantial testimony that dealers in paints who were accustomed to purchase paint at wholesale, were confused into believing that the appellees' "Dutch Paint" was appellant's "Dutch Boy Paint".

Notwithstanding this extensive proof not only of likelihood of confusion but of actual confusion as well, and notwithstanding the evidence was uncontradicted, the trial court found that there were no purchasers who were confused[9] as between defendant's and plaintiffs' products and concluded that there was a lack of similarity because the names differed in sound, significance and appearance. We are unable to perceive how the court could have made such a finding in the light of this record. The court's findings upon this point are clearly erroneous.

The record also shows that not only did the appellees beginning in 1946 adopt these confusingly similar

[9]Apparently appellees have abandoned any effort to sustain this finding of no confusion, for speaking of the testimony of appellant's witnesses on this point, appellees' brief says that "it is apparent that the presence of the common word 'Dutch' was the sole cause of their several mistakes."

names but shortly thereafter the method of advertising their paint showed that their continued use of these names and the passing off of their products thereunder was intentionally false and misleading and done with a purpose on their part of deceiving prospective purchasers. Thus appellees advertised "New Lower Than Pre-War Prices on Dutch Paint". The facts were, as appellees knew them, that their Dutch Paints were not in business before the war and they had no pre-war prices. They also knew that the appellant's Dutch Boy paint had been sold long prior to the war. They also advertised "How Can $2.95 Buy $6 Paints?", offering their Dutch paint "at approximately 50% of the normal price". Appellees never sold $6 paints; $2.95 was their normal price, although it was approximately 50% of the normal Dutch Boy price. They advertised "Quality Famous Dutch Paint" which they represented as selling for half price at $2.95.

The proof of this deliberately false and misleading use of advertising in connection with the appellees' own infringement, has an important bearing upon the inferences to be drawn with respect to the existence of confusion. The rule respecting the consequences of this intent to deceive was stated in My-T-Fine Corporation v. Samuels, 2 Cir., 69 F 2d 76, 77, as follows: "But when it [intent to deceive] appears, we think that it has an important procedural result, a late comer who deliberately copies the dress of his competitors already in the field, must at least prove that his effort has been futile. Prima faci the court will

treat his opinion so disclosed as expert and will not assume that it was erroneous. . . . He may indeed succeed in showing that it was; that, however bad his purpose, it will fail in execution; if he does, he will win. . . . But such an intent raises a presumption that customers will be deceived."[10]

Appellees attempt to meet the appellant's showing of infringement by setting up defenses of laches, acquiescence and estoppel. The record does not sustain any of them.

The record is that early in 1947, a then partner and associate of the appellees assured the appellant's manager that they intended to discontinue their use of the name "Dutch" as soon as they had exhausted their supply of labels. In March, 1948, there was a discussion between appellant's advertising manager and the appellees in which the former discussed with appellees the question of the appellees abandoning the use of the word "Dutch". The advertising manager testified that appellees indicated their intention to drop this brand as soon as there was an ample supply of raw materials for other kinds of paints. The appellees' version of the conversation is that the manager asked them if they had thought of abandoning the use of the

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[10]To the same effect see comment "f" to §729(b) Restatement of Torts: "But if he adopts his designation with the intent of deriving benefit from the reputation of the trade-mark or trade name, his intent may be sufficient to justify the inference that there is confusing similarity." See also Safeway Stores v. Dunnell, 9 cir., 172 F. 2d 649, 656: "Dunnell, with his eyes open thus chose to seek the benefit of Store's vast expenditure for advertising on the chance that it might prove enjoinable." Cf. Stork Restaurant v. Sahati, 166 F. 2d 348

word "Dutch" and they replied that they could not do so as they were obliged to manufacture Dutch paints because of pigment shortage.

Whichever be the correct version, plainly appellant was endeavoring to canvass the possibility of removing the infringement in 1948. The suit was begun in October, 1949. The attempted proof of laches is too trivial to require serious consideration. In the light of the intentional and fraudulent use of appellant's trade mark, the defense here is a frivolous one. Menendez v. Holt, 128 U.S. 514, 523.

The claim of acquiescence is equally groundless. Thus, it is argued that on the occasion previously mentioned when the advertising manager of appellant met with the appellees, the manager confined his objections to certain radio advertising on a Sacramento radio station; but that the failure of the advertising manager to make additional objections particularly to the newspaper advertisements which appellees were running, and his failure to make a stronger showing of force against the use of the words "Dutch Paint" in connection with appellees' product, amounted to an acquiescence.[11]

The record also shows that some of the appellant's employees and salesmen during the years 1946-1947-

[11]This was the occasion previously mentioned on which, according to the testimony of both appellees, appellant's representative asked them "Have you ever given any thought to abandoning the use of the word 'Dutch'?" It was appellant's version of this conversation that appellees indicated an intention ultimately to drop the Dutch Paint brand and to go into a line of marine paints. Disregarding appellant's version, it is plain that the parties then discussed the matter of appellees' giving up the use of the Dutch Paint name.

1948 occasionally visited the appellees' offices and knew that the word "'Dutch" was displayed on signs and paint cans. There was also produced at the trial a letter written by one Kaegebehn, the manager of appellant's patent department, to the appellant's advertising manager. This contained a statement that 'Dutch' is a geographical name, and as such, it is not registrable as a trademark, but if used exclusively, it may acquire secondary trademark significance. However our mark is Dutch Boy and we can only enforce that mark against others under the trade mark laws." The writer of the letter was not a lawyer; the letter was an intra-company communication, never addressed to anyone outside the appellant company, and there was no reliance upon it by appellees. Cf. Aunt Jemima Mills Company v. Rigney & Co., 2 cir., 247 F. 407.[12]

Appellees began their use of the words here objected to in 1946. In 1947 they gave assurance they would shortly discontinue this use. In March, 1948, appellant was negotiating with appellees in an effort to procure a promise to discontinue. Formal notice of

[12]Appellees learned of this letter only after the action was begun, and through discovery processes. It was not even admissible in evidence. Overlooking this, and the rule of the Aunt Jemima Mills case, the trial court appears to have attached considerable significance to it for its finding 33 reads: "Mr. C. F. Kaegebehn, Manager of defendant's Patent Department, admitted that National Lead Company did not have 'proprietary legal exclusive right to the word "Dutch" in connection with paint and paint products,' the while suggesting that a 'show of force' by defendant be used in lieu of such right." Actually, in the same letter, Kaegebehn was urging the company representative to which it was addressed to advise all persons using the phrase Dutch Paint that the company was prepared to enforce its legal rights "to the utmost". The letter can have no significance in support of a claim either of acquiescence or of estoppel.

infringement was given in July, 1949, and the suit begun in October of the same year. Laches, acquiescence, or estoppel are wholly wanting here.

The appellees attempted to show that a large number of other persons had used the name "Dutch" or some combination thereof in connection with sales of paint, and it is contended that the showing made in this respect justifies the trial court's findings and judgment against the appellant's claim of a valid trade mark and infringement thereof. The suggestion is that these third party uses of the term "Dutch" in the paint industry have been so numerous and so general that the mark must be held to be a weak mark within the meaning of the Sunbeam cases, supra, and further, that the term "Dutch" has become *publici juris* as in the cases of "aspirin" and "cellophane".[13]

Appellees have attached to their brief in this court a tabulation which was an exhibit in the court below showing uses which third parties, manufacturers or dealers in paint have made of names which include the word "Dutch". Substantially the same information was portrayed in a photograph which was also an exhibit and which showed in color paint cans to which were attached labels with trade marks using the word "Dutch". A study of the 39 listed uses of the word "Dutch" reveals that some of them are duplications, some relate to uses discontinued many years ago, some were used but to a limited extent and in single communities or limited localities far from the Pacific

[13] Bayer Co., Inc. v. United Drug Co., 272 F. 505; Du Pont Cellophane Co. v. Waxed Products, 85 F. 2d 75.

Coast to which appellees' operations were confined, and for the most part in the eastern portion of the United States,[14] and some with respect to which there was no proof of any sale whatever; some relate to non-paint products such as floor wax. The remaining proven third party uses of the word "Dutch" in connection with paint sale or manufacture[15] are too inconsequential to establish a claim of *publici juris* or the claim that appellant's mark has become a weak mark or to justify on any other theory the acts of these appellees. It may be that some of these third persons may also have been guilty of wrongful infringement, but such would not be a defense or justification for the appellees. It is no excuse for them to say that others have been guilty of the same wrong. Del Monte Special Food Co. v. California Packing Corp., 9 cir., 34 F. 2d 774; Potter-Wrightington Inc.

[14]As an example of this sort of thing, "Dutch Mill", No. 19 on the tabulation mentioned, was a label used on one paint item in an Albany, N.Y., store. Appellant had never heard of it until after this suit started.

[15]In the Pacific Coast area Uhl Bros. Inc. of Los Angeles and San Francisco sold paint under 23 different labels, one of which was "Old Dutch"; Tibbetts Corporation of Los Angeles manufactured and sold paint under 8 different names or labels, one of which was "Royal Dutch"; Security Paint Manufacturing Company of Los Angeles made paint under four names or brands one of which was "Royal Dutch"; and about a year before the trial appellees found a can of paint in a Standard Brands Paint Store in Los Angeles bearing a label marked "Dutch Mill Paint". These four cases made up the whole of the showing of such third party uses in this area. The Uhl Bros. "Old Dutch" label had been made for ten years prior to 1950, but the Tibbetts "Royal Dutch" represented a relatively small volume of that concern's sales; the brand had never been advertised, and one dealer carrying Tibbetts' paints had never heard of it. The date given for first use of Security Paint's "Royal Dutch" was 1944 or 1945. No date or source of manufacture was given for the label found in the Los Angeles store apparently after the suit was begun.

v. Ward Baking Co., 1 cir., 298 F. 398, affirming 288 F. 597.[16] Uses of the offending word in local areas in the East are no justification for acts of appellees on the Pacific Coast.[16]

The findings of the trial court fail to note that these third party uses fall into these various categories. The court failed to note that, as earlier here indicated, no one questions the possibility of using the word "Dutch" in a geographical or descriptive sense. Some of the third party uses listed in the findings, without noting this distinction, were instances where such proper and unobjectionable uses were made, as in the case of "Dutch Kalsomine", "Dutch White", "Old Dutch" process. Again there was no breakdown of those uses which were local and far distant from the area of appellees' user. And since the trial court's findings were based upon the same cold record which is before us, we are "in as good a position as the trial court was to appraise the evidence."[17] We find no evidence to warrant a holding that appellant's trade-mark had become *publici juris,* or that the word "Dutch", when used as appellees have done, was *publici juris.* The third party uses as are shown are not such as would permit an inference of acquiescence. We find here no evidence that an originally distinctive mark changed or developed into a general term.

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[16]Thus even if appellant were unable, under the rule in United Drug Co. v. Rectanus, 248 U.S. 90, to obtain injunctions in those local areas, that fact would not affect its right to relief elsewhere.

[17]The quoted words are from Equitable Life Assur. Soc. v. Iselan, 9 cir., 123 F. 2d 462, 464. In accord Orvis v. Higgins, 2 cir., 180 F. 2d 537, 539; United States v. Fotopulos, 9 cir., 180 F. 2d 631.

There is also a contention that there was an abandonment of the trade-mark by the appellant. No evidence thereof appears in this regard for there was no evidence of any intent whatever to abandon. Saxlehner v. Eisner & Mendelson Co., 179 U.S. 19, 31.

What we have said heretofore has in terms referred to the trade-mark infringement. That, however, is but one aspect of the larger field of unfair competition. It requires no extended discussion in view of what we have said to demonstrate that the acts here complained of are not only an infringement of trademark but they constitute acts of unfair competition. The law is stated in Weinstock, Lubin & Co. v. Marks, 109 Cal. 529, 541, 42 Pac. 142: "* * * Upon what principle of law can a court of equity say, 'If you cheat and defraud your competitor in business by taking his name, the court will give relief against you, but, if you cheat and defraud him by assuming a disguise of a different character, your acts are beyond the law?' Equity will not concern itself about the means by which the fraud is done. It is the results arising from the means,—it is the fraud itself,—with which it deals. The foregoing principles of law do not apply alone to the protection of parties having trademarks and trade names. They reach away beyond that, and apply to all cases where fraud is practiced by one in securing the trades of a rival dealer; and these ways are as many and as various as the ingenuity of the dishonest schemer can invent."[18]

[18]This and other California cases relating to unfair competition were cited by this court in Lane Bryant, Inc. v. Maternity Lane, 173 F. 2d 559, 563.

In order to make out a case of unfair competition, it is only required that the natural and necessary consequence of appellees' conduct in this respect was such as to cause deception.[19] The case of Ross-Whitney Corp., v. Smith Kline & French Lab., 9 cir., 207 F. 2d 190, sufficiently demonstrates that wholly apart from trade-mark infringement, the appellant had here made out a case of unfair competition and that the court below had jurisdiction thereof.

In view of the demonstration in the court below that the appellees' use of "Dutch Paint" and "Dutch Paint Company" was by false and misleading advertising, and the consequent demonstration that there was a deliberate and intentional design to cause confusion and mistake and to deceive purchasers, the conclusion must be that whether the cause be viewed as one of unfair competition or as one of infringement of a registered trade-mark, appellant is entitled not merely to relief by injunction but to an accounting of profits and damages as well. "But where an injunction is had against unfair competition, willfully conducted by the defendant with knowledge of the plaintiff's rights, an accounting normally follows." Matzger v. Vinikow, 9 cir., 17 F. 2d 581, 584.

As for appellant's rights under the trade-mark acts, since this is not a case where there has been "no

[19] "If the natural and necessary consequence of said defendant's conduct in this respect was such as to cause deception, said defendant, knowing the facts, must be held to the same responsibility as if it acted under the honest impression that no right of the plaintiff was invaded." As quoted in Lane Bryant, Inc. v. Maternity Lane, supra, p. 564, from Dodge Stationery Company v. J. S. Dodge, et al., 145 Cal. 380, 78 P. 879. Cf. Straus v. Notaseme Co., 240 U.S. 179.

showing of fraud or palming off", (cf. Champion Plug Co. v. Sanders, 331 U.S. 125, 131), but where the showing is quite to the contrary and the intentional misleading has been demonstrated, appellant is entitled not merely to an injunction as prayed for but to an accounting of appellees' profits and a recovery of any damages sustained under the provisions of Title 15 U.S.C.A. §1117, pursuant to the rule of Mishawaka Mfg. Co. v. Kresge Co., 316 U.S. 203.

Accordingly the judgment is reversed and the cause is remanded with directions to dismiss the appellees' complaint, to grant to the appellant an injunction as prayed for in its answer and counterclaim, and to proceed to take an accounting of the appellees' profits, and to determine appellant's damages as directed in this opinion.

(Endorsed:) Opinion. Filed May 17, 1955.
Paul P. O'Brien, Clerk.

[Title of Court of Appeals and Cause No. 13,737]

MANDATE

(Reproduced Appeal Record 16157, pp. 29-31).

United States of America—ss.

The President of the United States of America

To the Honorable, the Judges of the United States District Court for the Northern District of California, Southern Division, Greeting:

Whereas, lately in the United States District Court for the Northern District of California, Southern Division, before you or some of you, in a cause between Bernard M. Wolfe and Frederick J. Dannenfelser,

Individuals and Co-partners, Doing Business under the Names and Styles, "Dutch Paint Co." and "Manning-Mitchell Paint Co.," Plaintiffs; and National Lead Company, a Corporation, Defendant; No. 29177, a Judgment was entered on the 5th day of January, 1953; which said Judgment is of record and fully set out in the office of the clerk of the said District Court in said cause, to which record reference is hereby made and the same is hereby expressly made a part hereof. [30]

And Whereas, the said defendant appealed to this court as by the inspection of the transcript of the record of the said District Court, which was brought into the United States Court of Appeals for the Ninth Circuit by virtue of an appeal agreeably to the Act of Congress, in such cases made and provided, fully and at large appears.

And Whereas, on the 16th day of November, in the year of our Lord, one thousand nine hundred and fifty-four, the said cause came on to be heard before the said United States Court of Appeals for the Ninth Circuit, on the said transcript of record, and was duly submitted:

On Consideration Whereof, it is now here ordered and adjudged by this Court, that the Judgment of the said District Court in this cause be, and hereby is reversed, with costs in favor of the Appellant and against the Appellees, and that the said cause be, and hereby is remanded to the said District Court with directions to dismiss the appellees' complaint, to grant to the appellant an injunction as prayed for in

its answer and counterclaim, and to proceed to take an accounting of the appellees' profits, and to determine appellant's damages as directed in the opinion of this Court.

It is Further Ordered and adjudged by this Court, that the Appellant recover against the Appellees for its costs herein expended and have execution therefor. [31]

You, Therefore, Are Hereby Commanded that such proceedings be had in said cause, in conformity with the opinion and judgment of this court, as according to right and justice, and the laws of the United States, ought to be had, the said appeal notwithstanding.

Witness the Honorable Earl Warren, Chief Justice of the United States, the fifteenth day of November, in the year of our Lord one thousand nine hundred and fifty-five.

[Seal] /s/ PAUL P. O'BRIEN,
Clerk, United States Court of Appeals for the Ninth Circuit.

Costs

Docket Fee, Clerk, Ct. Appeals	$ 25.00
Printing Record	5,629.10
Premium on Bond	126.12
Attorney	
Total	$5,780.22

[Endorsed]: Filed November 16, 1955. [32]

[Title of District Court and Cause No. 29,177.]

JUDGMENT ON MANDATE

(Reproduced Appeal Record 16157, pp. 32-35)

The mandate of the United States Court of Appeals for the Ninth Circuit on the appeal of the defendant heretofore taken in the above-entitled cause having been transmitted to the Clerk of this Court and filed herein on the 16th day of November, 1955, and the same having been brought to the attention of the Court, in compliance therewith, it is now on motion of defendant,

Ordered, Adjudged and Decreed as follows:

(1) The judgment of this Court entered herein on the 2nd day of January, 1953, granting judgment for the plaintiffs, dismissing the defendant's counterclaim, and awarding costs to plaintiffs be and the same hereby is reversed and set aside and [33] the complaint herein be and the same hereby is dismissed.

(2) Defendant's trade-mark "Dutch Boy" and the registrations thereof in the United States Patent Office, and each of them are valid and are in full force and effect.

(3) By their use of "Dutch," "Dutch Paint," and "Dutch Paint Company" on their paints and paint products and in their advertising, plaintiffs have wilfully and deliberately infringed defendant's trade-mark "Dutch Boy," have had the deliberate and intentional design to cause confusion and mistake and to deceive purchasers of paints and paint products, and have been guilty of fraudulent conduct and unfair competition in trade.

(4) Plaintiffs, their agents, servants, employees, successors, assigns, and attorneys, and all persons in active concert or participation with them, and each of them, be and they hereby are permanently and perpetually enjoined and restrained from using the words "Dutch," "Dutch Paint" and "Dutch Paint Company" or any colorable imitation of "Dutch Boy" as a trade-mark or trade name or as a part of any trade-mark or trade name and from in any manner displaying or using said word or words or any colorable imitation of "Dutch Boy" on their labels, wrappers, containers, signs, stationery, or in their advertising or advertisements, or any word or words or mark so similar to defendant's said trade-mark "Dutch Boy" as to be likely to cause confusion or deceive the public or [34] purchasers or users of paint and allied products, and from in any manner imitating or infringing defendant's said trade-mark.

(5) Plaintiffs be and they hereby are ordered to deliver up to be destroyed, all labels, signs, prints, displays, literature, stationery, packages, wrappers, receptacles and advertisements in their possession or under their control, or in the possession or under the control of their agents and employees, which bear the said words "Dutch," "Dutch Paint," and "Dutch Paint Company," or any of them, and all reproductions and copies thereof and colorable imitations of "Dutch Boy" or of any such infringements together with all plates, molds, and matrices and other means of making the same. Plaintiffs are further ordered to eliminate and destroy all signs and displays bearing the words "Dutch," "Dutch Paint" and "Dutch

Paint Company," which are not capable of being delivered up.

(6) Plaintiffs shall within thirty (30) days after service of this judgment on either of them file with the Court and serve upon defendant a report in writing under oath setting forth in detail the manner and form in which plaintiffs have complied with this judgment.

(7) An accounting of plaintiffs' profits and defendant's damages shall be had with all convenient speed. In connection with said accounting plaintiffs are ordered to allow defendant and its representatives to inspect and make copies of any and all records, books of account, invoices, income tax re-[35]turns relating to plaintiffs' business, documents and books showing plaintiffs' sales and profits, or pertaining to defendant's damages.

(8) Defendant have judgment against plaintiffs and each of them for the costs awarded it by the Court of Appeals for the Ninth Circuit in the sum of $5,780.22, together with its costs in this Court up to and including the entry of this judgment on mandate in the sum of $2,468.20, to be taxed by the Clerk.

(9) The Court reserves for further consideration the matter of appointing a Special Master, all questions pertaining to the amounts of profits and damages, to costs hereafter accruing, and the matter of further proceedings herein.

Dated this 23rd day of January, 1956.

/s/ EDWARD P. MURPHY,
United States District Judge.

[Endorsed]: Filed January 23, 1956.

[Title of District Court and Cause No. 29,177.]

ORDER

(Reproduced Appeal Record 16157, pp. 35-52)

The Court of Appeals for the Ninth Circuit found plaintiffs guilty of trade-mark infringement and [36] unfair competition, and order an accounting of plaintiff's profits and a determination of defendant's damages. National Lead Company v. Wolfe, 223 F. 2d 195 (1955). In accordance with the directions, a hearing has been held and briefs have been filed. I have carefully considered all relevant evidence and the briefs and memoranda submitted by counsel. My findings and conclusions are set forth below.

The Proper Method of Accounting

The most fundamental issue concerns the proper accounting method to use in computing the profits attributable to Dutch paint. Defendant in the Keenan Report has followed the sales ratio method, whereby the ratio of Dutch paint sales to total sales has been applied to total costs in determining the amount of costs attributable to Dutch paint. Plaintiffs in the Wolfe Study have allocated a greater proportion of costs to Dutch paint than results with use of the sales ratio method.

Defendant argues that the sales ratio method is properly used because plaintiffs' books do not permit an accurate allocation of costs between Dutch and non-Dutch items. Plaintiffs admit that their books have not been kept in such a way as to permit allocation of costs, but maintain that through testimony and

documentary evidence they have sustained their burden of proof as to the proportion of costs properly attributable to Dutch paint. [37]

Once the injured party has sustained his burden of proving total sales of the infringing article, the infringer has the burden of proving all costs. Lanham Trade-Mark Act, Sec. 35, 60 Stat. 439 (1946), 15 U.S.C., Sec. 1117 (1952); Mishawaka Mfg. Co. v. S. S. Kresge Co., 316 U. S. 203 (1942). And it is the general rule that where the infringer's books do not allocate costs between the infringing article and other goods, nor permit such allocation, the sales ratio method is properly used. Duro Co. (of Ohio) v. Duro Co. (of New Jersey), 56 F. 2d 313, 315-316 (3rd Cir. 1932).

But in an accounting for profits the court sits as a court of equity; the above rule, as all rules in this area, is nothing more than a means of arriving at a just result. As stated by Judge Learned Hand in Page Machine Co. v. Dow, Jones & Co., 238 Fed. 369, 376 (S.D.N.Y., 1916):

> "It will be urged, perhaps, that consistency might require me to go further and attribute to the invention only so much of these profits as the cost of the patented parts bore to the cost of the whole machine. I am quite aware that the method of dividing the profits of the ticker service as a whole by the division of the cost is itself artificial. The fact is that the relative contribution of two or more essential factors to a common result cannot be ascertained quantitatively. But we must adopt some working rule to avoid instances of

grotesque injustice * * * If, however, we are to apply it [38] with ruthless logic, our second situation will be as bad as our first * * * I think that we must show that the law can be more plastic even at the expense of formal consistency." (Emphasis added.)

It is clear from the testimony of Wolfe and Dannenfelser, as well as documentary evidence, that the major portion of both administrative and selling expenses and manufacturing expenses is attributable to Dutch paint. Under these circumstances, to follow the sales ratio method would be to subordinate the end to its means. Plaintiffs' evidence will, of course, not lead to a completely accurate determination of profits. But the accuracy is no greater where the sales ratio method is used; and in fact complete accuracy is neither required nor expected in an accounting. Page Machine Co. v. Dow, Jones & Co., supra, at 376; see Flat Slab Patents Co. v. Turner, 285 Fed. 257, 278-279 (8th Cir., 1922). All that is necessary to preserve defendant's rights is that it does not receive less than the actual profits from Dutch paint, and this protection will be afforded by the purposeful use of conservative estimates. Cf. Aladdin Mfg. Co. v. Mantle Lamp Co. of America, 116 F. 2d 708, 714 (7th Cir., 1941). Accordingly, the sales ratio method shall not be used in computing the profits attributable to Dutch paint.

However, I am not restricted to a choice between the Keenan Report and the Wolfe Study. As I have indicated, the latter proceeds on correct premises. [39]

But its application of these premises is so far removed from accepted accounting principles that its use as a basis of this accounting would present endless problems and require a multitude of adjustments.

"[W]ithout waiving its rights * * *" defendant has suggested certain modifications of the Keenan Report. The first is to attribute 85% of plaintiffs' administrative and selling expenses to Dutch paint, in lieu of approximately 64% so attributed where the sales ratio method is used. The other is to provide for the greater proportion of manufacturing expenses attributable to Dutch paint by deducting 20% of the profits computed by use of the above 85% figure. From an accounting standpoint the Keenan Report is sound. With the two modifications suggested by defendant, it will furnish an excellent framework for this accounting and require a minimum of adjustments.

Therefore, the basis of this accounting shall be the Keenan Report as so modified.

The Applicable Period

A. Commencement

The issue presented here is whether plaintiffs are liable for the infringement and unfair competition conducted by their predecessor corporations. Both sides have presented elaborate arguments, many of them far afield. Counsel's difficulty in arguing this point reflects the difficulty experienced by courts [40] in formulating any precise rules, and it would serve no useful purpose to go into the arguments here. The law on this subject comes down to the simple propo-

sition that the corporate entity may be disregarded where justice so requires.

By their own admission, plaintiffs were the dominant personalities in the predecessor corporations. Upon dissolution of the corporations the same business, or businesses, continued uninterrupted and with essentially the same organizational makeup as before. In view of these facts, it is just that the corporate entities be disregarded. Plaintiffs are liable for the wrongful acts of the corporations, and must account for the corporations' profits on Dutch paint.

B. Termination

Plaintiffs have suggested three alternative dates of termination: (1) June, 1949; (2) date of filing the counterclaim; (3) date of this court's decree in their favor, or the earlier date on which they learned that the court had decided to enter a decree in their favor. Defendant would have the accounting cover the entire period during which the "Dutch" mark was in use.

1. June, 1949. Plaintiffs advance this termination date on two grounds. The first is that the Court of Appeals ordered an accounting because it found fraudulent intent, the evidence before the Court of Appeals did not extend beyond June of 1949, and it cannot be inferred that such fraudulent intent continued after that date. Plaintiffs further [41] state that to make such an inference would be violative of due process. The second ground is that plaintiffs changed their advertising policy in June of 1949, presumably to advertising of a non-deceptive nature.

Defendant's answer to both arguments is that in fact the evidence before the Court of Appeals contained advertisements appearing subsequent to June of 1949 and it was these very advertisements which the Court of Appeals found objectionable. Defendant makes the further argument that a trade-mark infringement was found, such infringement continued as long as use of the infringing mark continued, and an accounting follows as a matter of course in all cases of trade-mark infringment.

Champion Spark Plug Co. v. Sanders, 331 U. S. 125, 131 (1947), makes it clear that the Mishawaka case, supra, is not to be interpreted as requiring an accounting in all cases of trade-mark infringement. Neither is an accounting required in all cases of unfair competition. Straus v. Notaseme Hosiery Co., 240 U. S. 179, 181-183 (1916). However, both Champion Spark Plug and Notaseme Hosiery involved situations "where an injunction [satisfied] the equities of the case." Not only was there no showing of wilfulness in these cases; there was not even a showing of substantial damage or profits accruing from the infringement. Here the showing is very much to the contrary.

There is the additional factor in this case that it would be impossible to ascertain the portion of [42] Dutch paint sales due to deceptive advertising and that portion due to the allegedly non-deceptive advertising. Obviously the time of sale would not be controlling; who is to say what factors, what particular advertisements, motivated a given purchaser of Dutch

paint? Cf. Mishawaka Mfg. Co. v. S. S. Kresge Co., supra, at 207.

2. Date of filing the counterclaim. Plaintiffs do not make clear the significance of this date. They do seem to claim, however, that their good faith is evidenced by the fact that they initiated this action and by their consultation of an attorney who advised them of their right to use the "Dutch" mark.

At the time plaintiffs brought their action for a declaratory judgment they certainly should have known, from prior contracts with the defendant's representatives,[1] that the defendant would either bring an action of its own or counterclaim in any action brought by plaintiffs. Therefore, plaintiffs cannot claim good faith from the mere fact that they instituted this action.

Although there are cases which hold that reliance on advice of an attorney constitutes good faith, an analysis of these cases reveals that they involved situations where the infringer was otherwise completely innocent. Such are not the facts in this case.

3. The District Court Decree. Whether we take the actual date of this court's decree or the earlier [43] date on which plaintiffs learned of the court's intention to rule in their favor, plaintiffs' arguments are the same: A judgment rendered in a lower court protects the parties acting thereunder until reversal; the Court of Appeals ordered an accounting on the

[1] See National Lead Company v. Wolfe, supra, at 202-203.

basis of wrongful intent and there could be no wrongful intent when plaintiffs were acting pursuant to the District Court decree. Defendant's arguments are: Plaintiffs knew defendant was appealing, so they took their chances on reversal and operated at their peril; plaintiffs cannot claim good faith for they were aware that deception was being caused; the Court of Appeals placed no time limitation on the accounting.

The general rule is that a lower court decree which is reversed does not protect parties acting thereunder prior to reversal. Champion Spark Plug Co. v. Reich, 49 F. Supp. 903, 904 (W. D. Mo., 1943); Notaseme Hosiery Co. v. Straus, 209 Fed. 495, 496 (S. D. N. Y., 1913), aff'd, 215 Fed. 361 (2d Cir., 1914), rev'd on other grounds, 240 U. S. 179 (1916). In the absence of any contrary indication, it must be assumed that in ordering this accounting the Court of Appeals intended to follow the general rule.

An additional answer to all of plaintiffs' arguments for an early termination date is that the right to an accounting is not dependent on the infringer's wrongful intent; the purpose of the accounting is simply to give the profits to the rightful owner whose mark or name made the profits pos[44]sible. Lawrence-Williams Co. v. Societe Enfants Gombault, et cie., 52 F. 2d 774, 778 (6th Cir., 1931); see also Hamilton-Brown Shoe Co. v. Wolf Bros. & Co., 240 U. S. 251, 259 (1916).

For the foregoing reasons, this accounting shall cover the entire period during which plaintiffs and their predecessor corporations used the Dutch mark.

The Proper Measure of Profits

Given the ten-year period as determined above, plaintiffs would measure profits by taking the entire ten years as a single accounting period, offsetting the losses of poor years against the profits of successful years. Defendant contends that profits must be measured on a yearly basis, disregarding the years in which Dutch paint showed a loss and counting only the profitable years.

There is no need here for discussion. It is well settled that the injured party is entitled to treat each year as a separate period of infringement and may disregard unprofitable years. Coca-Cola Co. v. Dixi-Cola Laboratories, Inc., 57 F. Supp. 911, 912 (D. Md., 1944), and cases there cited.

Sellers' Market

Plaintiffs have attempted to prove that sales of Dutch paint for the years 1946-1949 were due not to the "Dutch" label but to the titanium pigment shortage and the ready mixed paint shortage. Defendant has objected to this attempted proof on the ground that to consider the question now is to [45] reopen issues already decided by the Court of Appeals. Defendant also argues that where the infringing mark substantially contributes to sales, the injured party is entitled to the entire profits.

Defendant's position is not well taken. Although apportionment is usually not allowed, the reason is that in most cases apportionment is impossible. Hamilton-Brown Shoe Co. v. Wolf Bros. & Co., supra, at

261-262, quoting from Graham v. Plate, 40 Cal. 593, 598 (1871). The infringer is entitled to prove, if he can, sales "demonstrably not attributable" to use of the infringing mark. Mishawaka Mfg. Co. v. S. S. Kresge Co., supra, at 206.

But while plaintiffs were entitled to present their evidence on this point, and while we may accept plaintiffs' statement of the applicable burden of proof, they have signally failed to prove that any sales of Dutch paint were due to the titanium pigment shortage or ready mixed paint shortage rather than to the "Dutch" label.

Unlabeled Paint

There has been considerable testimony on the subject of Dutch paint sold in unlabeled cans during the years 1946-1949. Plaintiffs contend that the Keenan Report includes these sales in its figures for Dutch paint sales. The theory is that sales of unlabeled paint were invoiced as sales of Dutch paint, and accountants going through the invoices would naturally classify these as sales of Dutch paint. It is further suggested that where an invoice [46] listed one Dutch item and left the other items undesignated, the accountants would classify everything on the invoice as Dutch.

Even if we ignore the question of confusion at the dealer level,[2] plaintiffs still have failed to sustain their claim. Although I am satisfied from plaintiffs' testimony that some Dutch paint was sold unlabeled,

[2]See National Lead Co. v. Wolfe, supra, at 201.

there is no evidence as to the amount so sold. Next, with the exception of certain sales to Murphy War Surplus, there is no evidence that these sales were invoiced as sales of Dutch paint. Finally, as the figures in the Keenan Report for the years in question were taken from the Haskins & Sells Report, it was incumbent on plaintiffs to prove that the Haskins & Sells accountants classified as Dutch all items so classified on the invoices. And as to this last matter there is no substantial evidence.

Similarly, there is no evidence to support plaintiffs' claim that undesignated sales appearing on the same invoice with a sale designated as Dutch would be classified as Dutch by the accountants.

In view of plaintiffs' failure of proof, it must be concluded that the Dutch sales figures appearing in the Keenan Report do not include sales of unlabeled paint.

Disputed Deductions

1. Plaintiffs' Legal Fees. Plaintiffs seek to deduct from Dutch profits the legal fees incurred in [47] connection with this action. The reported cases uniformly refuse to allow the infringer's legal fees as a deduction in arriving at profits, and I see no reason here to deviate from the general rule. Plaintiffs' legal fees shall not be allowed as a deduction.

2. Corporate Income and Franchise Taxes. The Supreme Court in 1928 established the rule that a deliberate infringer may not deduct corporate income taxes in arriving at profits. L. P. Larson, Jr.

Co. v. Wm. Wrigley, Jr. Co., 277 U. S. 97. Ours is a case of deliberate infringement and there is no valid basis on which the Larson case may be distinguished. Accordingly, corporate income taxes will not be allowed as a deduction.

However, there is no reason to apply the Larson doctrine to state franchise taxes. The only acceptable justification for the doctrine is that the injured party will have to pay income taxes on the profits when they are received; by no legal sophistry can this reasoning be extended to corporate franchise taxes. Plaintiffs shall be allowed this deduction.

3. Individual Income Taxes. Plaintiffs contend that they should be allowed to deduct their personal income taxes paid during the partnership period. I cannot agree. If corporate income taxes cannot be deducted, a fortiori personal incomes taxes are not deductible. The deduction is denied.

4. Compensation. Defendant has excluded all corporate officers' salaries from the Keenan Report in computing the profits attributable to Dutch paint. [48] Plaintiffs in the Wolfe Study have deducted $1,000 a month each as "reasonable" salaries to themselves during both the corporate period and partnership period. In addition, the Wolfe Study deducts all corporate salaries paid to Mueller and Brez and some additional compensation to Brez during the brief period in which he was a partner.

It is clear that the corporate salaries paid to Brez and Mueller are proper deductions. Although both were officers and stockholders of the corporations,

they took little, if any, part in policy making. The salaries paid to each of them during the corporate period amount to approximately $800 a month, which is not unreasonable for the duties they performed. Accordingly, their corporate salaries shall be allowed as a deduction.

The corporate salaries paid to plaintiffs cannot be disposed of as readily. Defendant argues that even corporate salaries may not be deducted where paid to the dominant personalities primarily responsible for the corporation's infringing activities. There are ample authorities to support defendant's position. But there are also ample authorities on the other side. Aladdin Mfg. Co. v. Mantle Lamp Co. of America, supra, at 713, and cases there cited. The latter, I think, represent the more logical view. Provided the salaries are reasonable and the recipients are in fact doing the work for which they are paid, corporate salaries should be allowed regardless of whether they were paid to the dominant personalities of the corporation. The dominant per-[49]sonalities are not thereby "allowed to profit from their wrongs." Their profit comes not from salaries—presumably they would be drawing salaries elsewhere if not engaged in the infringing business—but from the return on their investment, whether it take the form of dividends, liquidation of assets or sale of their capital stock.

Defendant also relies on the fact that the corporations here were close corporations. Provided the close corporation is not a sham or a fraud on credi-

tors, there is no valid reason to treat it differently than any other corporation. See Clair v. Kastar, Inc., 70 F. Supp. 484, 487-488 (S. D. N. Y., 1946).

The corporate salaries actually drawn by plaintiffs average quite a bit more than the $1,000 a month allocated in the Wolfe Study. Considering the duties performed by plaintiffs and the nature and size of the corporations, $1,000 a month appears to be a reasonable salary for each of the plaintiffs. This amount shall be allowed as a deduction during the corporate period.

Plaintiffs contend that this same $1,000 a month should be deducted as reasonable compensation during the partnership period. Regardless of whether these amounts or any amounts, appeared on the partnership books as "salaries," it is settled law that no distinction may be made between partnership earnings and partnership salaries. Callaghan v. Myers, 128 U. S. 617, 663-664 (1888); Champion Spark Plug Co. v. Sanders, 108 F. Supp. 674-678-[50]679 (E. D. N. Y., 1952). There shall be no deduction for compensation to the plaintiffs or Brez during the partnership period.

Defendant's Legal Fees

Defendant contends that it should be allowed as damages reasonable attorneys' fees incurred in connection with this action. Plaintiffs do not argue the reasonableness of the amount claimed by defendant—it appears to be less than that actually expended—but argue that as a general rule attorneys' fees are not allowed in this type of action. Plaintiffs' state-

ment of the general rule is correct. However, in the recent case of National Van Lines v. Dean, 237 F. 2d 688, 694 (1956), the Ninth Circuit in an action based on trade-mark infringement and unfair competition allowed the injured party attorneys' fees on the basis of essentially the same wilfulness it found here:

> Since we have found appellee's acts to have been wilful and calculated to trade upon appellant's good will, the latter is entitled to recover its actual and reasonable attorney's fees incurred in this litigation.

In view of the above language, the attorneys' fees claimed by defendant shall be allowed as damages.

Plaintiffs advance the rather novel theory that if defendant is allowed legal fees only a pro-rata amount should be allocated to this action. The basis of this theory and of the apportionment is that as a [51] result of defendant's legal efforts in this action—information secured on discovery as well as the holding of the Court of Appeals—defendant has been able to stop use of the name "Dutch" by numerous other parties. Although I do not feel bound by the lack of precedent for plaintiffs' theory, any rule allowing apportionment would lead to endless speculation and provide fertile ground for circumventing awards of attorneys' fees. Plaintiffs' request for apportionment of defendant's attorneys' fees is denied.

Inter-company Sales

Plaintiffs have included inter-company sales in the Wolfe Study. Defendant has eliminated inter-com-

pany sales from "Gross Sales" in the Keenan Report, and has made a corresponding reduction in "Purchases." Inasmuch as the figure for "Cost of Goods Sold" will be affected by the "Purchases" figure, this question still has some significance.

Plaintiffs' argument is that the selling company purchased Dutch paint from the manufacturing company in approximately the same proportion as other paints and therefore failure to eliminate inter-company sales does not affect the final result. But accepting the uncontradicted statement of defendant's counsel that "inter-company sales were never included in the 'Dutch' sales figures appearing in [the Keenan Report]," inter-company sales were correctly eliminated from "Gross Sales" and this in turn requires a corresponding reduction in "Pur-[52]chases." Defendant's treatment of inter-company sales in the corrected Keenan Report is accepted.

Let the defendant submit a proposed accounting report and order consistent with the above findings and conclusions.

It Is So Ordered.

Dated: October 29, 1957.

/s/ EDWARD P. MURPHY,
United States District Judge.

[Endorsed]: Filed October 30, 1957. [53]

[Title of District Court and Cause No. 29177.]

ACCOUNTING REPORT, FINDINGS OF FACT AND CONCLUSIONS OF LAW

(Reproduced Appeal Record 16157, pp. 53-72)

The hearing on the accounting of plaintiffs' profits and for the determination of defendant's [54] damages in this action came on before the court on November 13, 14 and 16, 1956, pursuant to the opinion and mandate of the Court of Appeals in National Lead Company v. Wolfe, et al., 223 F. 2d 195, and the Judgment on Mandate of this court dated January 23, 1956. Joseph L. Alioto, Esq., of San Francisco appeared for plaintiff Bernard M. Wolfe, Vladimir Vucinich, Esq., of San Francisco appeared for plaintiff Frederick J. Dannenfelser, and Robert E. Burns, Esq., of San Francisco, James D. Ewing, Esq., of New York, and John B. Henrich, Esq., of New York, New York, appeared for defendant National Lead Company. Evidence both oral and documentary having been offered by the parties and received by the court, briefs having been filed by the parties, and the accounting of plaintiffs' profits and determination of defendant's damages having been submitted to the court, the court now makes its accounting report and its findings of fact and conclusions of law, as follows:

1. The order of the court filed herein on October 30, 1957, is incorporated herein by reference, and the findings of fact and conclusions of law contained therein are adopted by the court as findings of fact and conclusions of law in this proceeding.

2. From prior to May, 1946, until April 30, 1948, plaintiffs did business by and through the corporate form of two California corporations, Manning-Mitchell Paint Company (also called Dutch Paint Company). From [55] May 1, 1948, until December 31, 1955, plaintiffs did business as a partnership under the names and styles of Manning-Mitchell Paint Company and Dutch Paint Company. Harold M. Brez was a partner of plaintiffs from May 1, 1948, until April 30, 1949. Until April 30, 1948, plaintiffs, together with Harold M. Brez and R. M. Mueller, were officers of said corporations by and through which plaintiffs did business; and from May, 1946, until the latter part of 1955, plaintiffs sold paint under the marks of "Dutch" and "Dutch Paint."

3. The accounting report of accountant Keenan (Plaintiffs' Exhibit 2 in evidence) is the basis of this accounting and is adopted by the court as and for the court's accounting subject to the following modifications:

(a) There are allowed as deductible expense the corporate salaries of Mueller and Brez for the fiscal years ending April 30, 1947, and April 30, 1948, and there is allowed as deductible expense the sum of $1,000 per month as reasonable compensation for the services of each plaintiff as a corporation officer of both corporations for each of said fiscal years.

(b) For the fiscal year ending April 30, 1947, Brez received the total salary of $5,100.00 from Manning-Mitchell, Inc., and Manning-Mitchell Paint Company, and for the fiscal year ending April 30,

1948, he received the total salary of $13,200 from both of said corporations. Brez acted principally as plant chemist and his salary for each of these fiscal [56] years is allowed as deductible expense and shall be included in the cost of goods sold (factory expense) for each such year.

(c) For the fiscal year ending April 30, 1947, Mueller received the total salary of $6,000.00 from Manning-Mitchell, Inc., and Manning-Mitchell Paint Company and for the fiscal year ending April 30, 1948, he received the total salary of $13,200 from both of said corporations. Mueller acted in a sales and administrative capacity during said fiscal years and his salary for each year is allowed as deductible expense and shall be included in selling and administrative expense for each such year.

(d) Plaintiff Dannenfelser acted principally in a sales and administrative capacity during the two fiscal years ending April 30, 1947, and April 30, 1948. For the fiscal year ending April 30, 1947, and for the fiscal year ending April 30, 1948, the sum of $12,000 per year representing reasonable compensation for plaintiff Dannenfelser is allowed as deductible expense and is included in selling and administrative expense for each such year.

(e) For the two fiscal years ending April 30, 1947, and April 30, 1948, plaintiff Wolfe in his testimony allocated his working time for both corporations on the basis of 60% to cost of goods sold (factory expense) and 40% to administrative expense. For each of the fiscal years ending April 30, 1947, and April

30, 1948, 60% of the sum of $12,000 per year allowed as reasonable compensation for plain-[57]tiff Wolfe's services, that is to say, the sum of $7,200, shall be included in cost of goods sold (factory expense) and 40% of $12,000, that is to say, $4,800, shall be included in selling and administrative expense.

(f) There is allowed as deductible expense California State franchise taxes paid by each of the two corporations. For each of the years ending April 30, 1947, and April 30, 1948, the franchise taxes of Manning-Mitchell Paint Company were $209.35. For the year ending April 30, 1947, the franchise taxes of Manning-Mitchell, Inc. (after adjustment from that corporation's fiscal year ending November 30), were $1,244.26 and for the year ending April 30, 1948, franchise taxes of Manning-Mitchell, Inc. (after similar adjustment), were $1,527.73. Such amounts are deductible expense and shall be included in selling and administrative expense for the respective fiscal years.

(g) After making the adjustments in the accounting report (plaintiffs' Exhibit 2) specified in the foregoing subparagraphs (a) to (f) of this paragraph, gross earnings for each fiscal year (net sales less cost of goods sold) are properly attributable to Dutch paints on the basis of the ratio of Dutch paint sales to gross sales for each such year. The amount resulting after the application of such ratio to gross sales is the gross earnings properly attributable to the sales of Dutch paint for each such fiscal year. [58]

(h) After making the adjustments in the accounting report (plaintiffs' Exhibit 2) specified in the

foregoing subparagraphs (a) to (g) of this paragraph, 85% of the selling and administrative expense for each fiscal year is properly attributable to Dutch paint and shall be deducted from the gross earnings of Dutch paint for each such year.

(i) After making the adjustments in the accounting report (plaintiffs' Exhibit 2) specified in the foregoing subparagraphs (a) to (h) of this paragraph, the amount remaining after deduction in each such year of the selling and administrative expense attributable to Dutch paint from the gross earnings of Dutch paint for such year is the profit from operations resulting from and properly attributable to the sale of Dutch paint for such year, subject to the further adjustment specified in subparagraph (j) of this paragraph.

(j) Twenty per cent of the profit from operations from the sale of Dutch paint for each fiscal year as computed in accordance with subparagraph (i) of this paragraph, is a reasonable and appropriate allowance for the greater proportion of manufacturing expense attributable to Dutch paint and shall be deducted from the profit from operations from the sale of Dutch paint for such year. The remaining profit, if any, for each fiscal year is the profit received by plaintiffs and attributable to the sale of Dutch paint for that year.

4. Attached hereto as Exhibit A is the Accounting Report of the Court as modified and adjusted [59] in accordance with the findings of fact set forth herein and in accordance with the order of the court filed herein on October 30, 1957. The Accounting

Report of the Court for the fiscal years set forth therein shows and includes the total sales by plaintiffs (operating under the corporate form and as a partnership), the total sales of paint by plaintiffs under the marks "Dutch" and "Dutch Paint," all expenses and deductions which are properly attributable to such sales of paint under the marks "Dutch" and "Dutch Paint," and the profits received by plaintiffs from and attributable to the sales of paint by plaintiffs under the marks "Dutch" and "Dutch Paint." The profits made and received by plaintiffs from sales of Dutch paint as determined by the court's accounting were and are the sum of $178,657.86. Said sum of $178,657.86 is due, owing and payable by plaintiffs to defendant and defendant is entitled to recover said sum from plaintiffs.

5. Defendant has paid to its San Francisco attorneys the sum of $60,800 as and for their services in this action and said sum was and is the reasonable value of said attorneys' services. Plaintiffs' acts of infringement of defendant's trade-mark and of unfair competition have been found to have been wilful and fraudulent and calculated to trade on defendant's good will and defendant has been and is thereby damaged by plaintiffs and by their said trade-mark infringement and unfair competition in said amount of $60,800. Defendant is entitled to recover said amount from plaintiffs. [60]

Conclusions of Law

In addition to the conclusions of law set forth in the court's order filed herein on October 30, 1957,

and based upon its findings of fact, the court concludes as follows:

1. Defendant is entitled to judgment against plaintiffs for profits received by plaintiffs from the sale of Dutch paint in the amount of $178,657.86.

2. Defendant is entitled to judgment against plaintiffs for damages in the amount of $60,800.

3. Defendant is entitled to its costs of this proceeding to be taxed by the Clerk.

Let Judgment Be Entered Accordingly.

Dated: April 11, 1957.

/s/ EDWARD P. MURPHY,
United States District Judge. [61]

(Detailed Accounting Report, pp. 61-72, omitted)

Recapitulation

Profits From the Sale of Dutch Paint

Fiscal Year ending April 30	Profits
1949	$ 40,217.05
1950	44,867.20
1951	69,765.35
1952	12,853.98
1953	10,954.28
Total	$178,657.86

Affidavit of Service by Mail attached.

[Endorsed]: Filed April 19, 1958.

[Title of District Court and Cause No. 29177.]

JUDGMENT ON ACCOUNTING AND FOR DAMAGES

(Reproduced Appeal Record 16157, pp. 72-73)

This proceeding came on to be heard before the court upon the opinion and mandate of the Court of Appeals in National Lead Company v. Wolfe, et al., 223 F. 2d 195, and the judgment on mandate of this court filed herein on January 23, 1956, and upon oral and documentary evidence having been received by the court and upon consideration thereof, the court having filed herein its order on October 30, 1957, and having filed herein its accounting report, findings of fact, and conclusions of law, it is now [73]

Ordered, Adjudged and Decreed as follows:

1. That defendant have judgment against plaintiffs in the sum of $239,457.86.

2. That defendant have and recover its costs of suit since the entry of the judgment on mandate of this court, to be taxed by the clerk, in the sum of $.....

3. That execution issue on this judgment.

Dated: April 14, 1957.

/s/ EDWARD P. MURPHY,
United States District Judge.

[Endorsed]: Filed April 14, 1958. [74]

United States Court of Appeals
For the Ninth Circuit

Bernard M. Wolfe and Frederick J. Dannenfelser, Individuals and Copartners, Doing Business Under the Names and Styles "Dutch Paint Co.," and "Manning-Mitchell Paint Co.,"

Appellants,

vs.

National Lead Company, a Corporation,

Appellee.

No. 16,157
Nov. 27, 1959

Upon Appeal from the United States District Court for the Northern District of California Southern Division

Before: CHAMBERS, HAMLIN and MERRILL, Circuit Judge:

MERRILL,

Appellants will hereinafter be designated in the singular as "Wolfe."

Wolfe takes this appeal from judgment of the District Court in the sum of $239,457.86, based upon an accounting of profits and damages as reported by the court following hearing. Wolfe contends that in several specific respects the accounting report gives recognition to accounting methods and considerations which are inappropriate under the facts of this case.

The accounting was ordered for the purpose of ascertaining the extent of profits realized by Wolfe

through his use on paint products and in advertising of the words "Dutch," "Dutch Paint" and "Dutch Paint Company," such use having been judicially determined to constitute a deliberate and fraudulent infringement of appellee's trademark "Dutch Boy." The history of the proceedings leading to the judgment below are set forth in the margin.[1]

The accounting report covered the entire period of infringement: from May 1, 1946, to January 15, 1956, and, save for the final computation, was based upon annual computations made at the end of each fiscal year (April 30). It showed that, for the years 1947, 1948, 1954, 1955 and 1956, losses rather than profits were realized from the sale of "Dutch" products. For the remaining years, profits were shown totalling $178,657.86. Judgment for the full amount was rendered in favor of appellee.

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[1]October 1, 1949. The complaint in this action was filed by Wolfe, seeking a judicial declaration of his right to the use of the trademarks "Dutch," "Dutch Paint" and "Dutch Paint Company."

November 12, 1949. An answer and counterclaim were filed by appellee, asserting infringement of its trademark "Dutch Boy" and seeking an injunction against the continued use of his marks by Wolfe, an accounting and damages.

January 5, 1953. Judgment was rendered by the District Court in favor of Wolfe, holding that his marks did not infringe the rights of appellee in its "Dutch Boy" mark.

May 17, 1955. The District Court judgment was reversed by this Court, National Lead Company vs. Wolfe, 9 Cir., 223 F.2d 195. The matter was remanded "with directions to dismiss [Wolfe's] complaint, to grant to [National Lead] an injunction as prayed for in its answer and counter-claim, and to proceed to take an accounting of [Wolfe's] profits, and to determine [National Lead's] damages as directed in this opinion." Page 206.

January 23, 1956. Judgment was entered by the District Court pursuant to mandate of this Court. That judgment, following the opinion of this Court, decreed in part: "By their use of 'Dutch,' 'Dutch Paint,' and 'Dutch Paint Company' on their paints and

Wolfe asserts error in the failure of the court to set off the losses against the profits.

It is clear, however, that in the making of an accounting an infringer is not permitted such a setoff. Mr. Justice Cardozo, in the case of a patent infringement, Duplate Corporation vs. Triplex Safety Glass Co., 298 U.S. 448, 458 (1936), stated the principle as follows:

> "The owner of the patent in holding the infringers to an accounting is not confined to all or nothing. There may be an acceptance of transactions resulting in a gain with a rejection of transactions resulting in a loss. Upon a statement of an account, a patentee is not looked upon as a 'quasi-partner of the infringers,' under a duty to contribute to the cost of the infringing business as a whole. McKee Glass Co. v. H. C. Fry Glass Co., 248 Fed. 125, 128. He is the victim of a tort, free at his own election to adopt what will help and discard what will harm."

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paint products and in their advertising, plaintiffs have wilfully and deliberately infringed defendant's trade-mark 'Dutch Boy,' have had the deliberate and intentional design to cause confusion and mistake and to deceive purchasers of paints and paint products, and have been guilty of fraudulent conduct and unfair competition in trade." The judgment permanently enjoined further use of the infringing marks and directed that an accounting of Wolfe's profits and appellee's damages be had.

October 29, 1957. Following hearing on the accounting, an order was made by the District Court resolving disputes as to the proper method and applicable period of accounting, the measure of profits and allowable deductions.

April 11, 1958. The accounting report of the District Court was filed together with its findings of fact and conclusions of law.

April 15, 1958. Judgment was entered pursuant to the report, findings and conclusions against Wolfe and in favor of appellee in the sum of $239,457.86: $178,657.86 in profits realized by Wolfe from the sale of "Dutch" products, $60,800.00 damages incurred by appellee for counsel fees.

May 13, 1958. This appeal was taken by Wolfe.

See also National Carbon Co. vs. Richards & Co., 2 Cir., 85 F.2d 490, 492 (1936); Coca Cola Co. vs. Dixie Cola Laboratories, Inc., (Md., 1944), 57 F.Supp. 911, 912, 913; Adolphe Gottscho vs. American Marketing Corporation, 26 N.J. 229, 139 A.2d 281 (1958). The same principle applies in trademark cases. Coca Cola Co. vs. Dixie Cola Laboratories, Inc., supra. See 3 Restatement, Torts, 747, comment d (1938).

Wolfe contends that in several respects the District Court erred in fixing the limits of the accounting period and that a shorter period was called for under the facts.

First, it is asserted that the period should have commenced no earlier than May 1, 1949, since before that date the business had been carried on in corporate form by the predecessors of the present partnership. We need not consider whether error was committed in this respect. No prejudice could have resulted since no profit was charged to Wolfe during this period.

Wolfe next asserts that the accounting period should have been held to terminate at an earlier date than January 15, 1956.

On October 1, 1949, Wolfe retained counsel who advised him that he was not in infringement. He asserts that thereafter he acted in good faith and in reliance upon such advice and that an accounting is not proper during that period when infringement was innocent.

Further, on January 5, 1953, by judgment of the District Court (see footnote 1), it was held that Wolfe

was not in infringement. Wolfe asserts that, until this judgment was reversed by this Court, he acted in good faith and in reliance upon the judgment of the District Court and that his infringement during this period must be recognized to have been innocent.

It was not innocent, however, in its inception. As has been judicially determined, it was a deliberate and fraudulent appropriation to himself of the good will of appellee. Throughout this period, Wolfe had full knowledge of the facts and of appellee's claim of infringement. Whether he believed himself to be within the law or not, he was knowingly and deliberately cashing in upon the good will of appellee. This is such an infringement as will justify an accounting of profits. Lawrence-Williams Co. vs. Societe Enfants Gombault et Cie., 6 Cir., 52 F.2d 774 (1931). This course moreover continued after reversal by this Court and until halted by order of the District Court in response to our mandate. One may view with some skepticism the proposition that the conduct of Wolfe from time to time throughout this continuing and constant course of infringement assumed an aspect of innocence wholly free from the original fraudulent intent.

Under the facts of this case, there was no error in holding the accounting period to continue beyond the District Court judgment in favor of Wolfe. Champion Spark Plug vs. Reich (Mo., 1943), 49 F.Supp. 903; and see Notaseme Hosiery Co. vs. Straus (S.D. N.Y., 1913), 209 Fed. 495, 496, affirmed, 2 Cir., 215 Fed. 361 (1914), reversed on other grounds, 240 U.S. 179 (1916).

The counterclaim of appellee was filed November 19, 1949, and had reference to matters occurring between 1946 and June, 1949. Wolfe contends that these dates limited the matters at issue and that these issues provide no basis for an accounting beyond June, 1949.

Where accounting is proper, the accounting period should, in our view, be regarded as co-extensive with the period of infringement (see Century Distilling Corporation, 3 Cir., 205 F.2d 140, 142 (1953), cert. den., 346 U.S. 900 (1950); Champion Spark Plug vs. Reich (Mo., 1943), 49 F.Supp. 903) and the infringer must bear the burden of establishing that the infringement has so changed in character as to justify a relief from accounting. See 2 Wigmore, Evidence, §§ 395, 437 (3rd Ed., 1940); and cf. Mishawaka Co. vs. Kresge Co., 316 U.S. 203 (1942). There has been no such showing here. We see no good reason for relieving Wolfe from liability for that period during which he persisted in infringement in the face of the formal demands of appellee. An inference of continuing deliberate and fraudulent intent is clearly available.

Wolfe next challenges the manner in which the account and report of the District Court ascertained the administrative and manufacturing costs attributable to "Dutch" products and thus determined the net profits for which Wolfe was liable. During the period in question, Wolfe was not selling "Dutch" products alone. Much of his business had no relation to the infringed trademark. Unlabeled paint was sold, and paint was sold under labels other than "Dutch." It therefore became necessary to apportion costs be-

tween "Dutch" and non-"Dutch" products. The records kept by Wolfe and made available to appellee did not contain data from which an accurate apportionment could be made. Appellee, in the District Court, therefore proposed the "sales-ratio" method: applying to the joint expense the ratio of receipts from the sale of infringing goods to the total receipts. Application of this ratio showed 64% of costs to be attributable to "Dutch" products. This method is recognized as proper where a more exact basis of apportionment is not available. National Folding-Box & Paper Co. vs. Dayton Paper Novelty Co. (Ohio, 1899), 95 Fed 991; Duro Co. (of Ohio) vs. Duro Co. (of New Jersey), 3 Cir., 56 F.2d 313, 315, 316 (1932); Flat Slab Patents Co. vs. Turner, 8 Cir., 285 Fed. 257, 277 (1922), cert. den., 262 U.S. 752 (1923).

In the District Court, Wolfe opposed the application of this method as wholly inappropriate to the type of business operated by him. He testified that, on the whole, throughout the ten-year period he had lost money on "Dutch" products; that 85% would be a fair figure at which to fix "Dutch" administrative costs; that for the first four years 89% would be a fair figure for "Dutch" manufacturing costs and that this figure would be higher for subsequent years.

As a result of the testimony of Wolfe, the District Court refused to accept the sales-ratio method without qualification. At the same time, the court refused to accept the conclusions of Wolfe, finding that, while they were fundamentally sound in general principle, still in their application to the facts they were so far removed from accepted accounting principles as to

"present endless problems and require a multitude of adjustments."

The court then struck a compromise. It accepted Wolfe's figure of 85%. To compensate for higher manufacturing costs, it then deducted 20% of the profits as computed by the 85% figure.

Wolfe contends that this manner of determining profits was clearly erroneous.

We must recognize as established law that the burden of proving costs is upon Wolfe. Section 35 of the Lanham Act (15 U.S.C. § 1117) provides:

> "In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed."

The question is whether Wolfe, by testimony and exhibit, has so clearly borne this burden as to demonstrate that the finding of the court was clearly erroneous. In our view, Wolfe's proof cannot be said to have met this test. It was limited to the years 1946-1949 and was based not upon records but upon recollection, estimate and approximation. In some respects it was demonstrably erroneous.[2] Record proof of certain profitable non-"Dutch" transactions, it is true, was made. These transactions, however, for the most part, occurred during periods when no profits were attributed to "Dutch" products, and there was testimony that such transactions occurred less frequently

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[2] E.g. Inclusion as cost items of salaries to appellants totalling $204,000.00 and legal fees, paid in connection with the prosecution of this action, of some $29,600.00.

as war surplus because less available. From an examination of the record, we cannot say that Wolfe's proof of costs was of such a degree of exactness as to render the conclusions of the court clearly erroneous. Rule 52(a), Federal Rules of Civil Procedure.

Wolfe asserts that from 1946 to 1949 a titanium pigment shortage existed and that any profits realized during this period were attributable to this shortage. He contends that it was error therefore to attribute profits during this period to the "Dutch" label.

Upon this contention the burden is upon Wolfe to prove that sales were "demonstrably not attributable" to the infringing mark. Mishawaka Manufacturing Co. vs. Kresge Co., 316 U.S. 203, 206 (1942). The District Court found that Wolfe had "signally failed" to meet this burden. We agree.

Wolfe claims that, from 1946 to 1949, approximately one-third of the paint sold was unlabeled and that the figures on "Dutch" sales should therefore be reduced by one-third. There is evidence that some "Dutch" paint was sold unlabeled. There is no evidence, however, as to the amount or that the sales were invoiced as "Dutch" sales. The contention must be rejected.

Wolfe further assigns as error the action of the District Court in disallowing certain deductions from profits claimed by Wolfe.

First, fees and costs paid to the attorneys for Wolfe in connection with this litigation. These are not proper deductions under the facts of this case. Duro Co. (of Ohio) vs. Duro Co. (of New Jersey), 3 Cir., 56 F.2d 313 (1932); Champion Spark Plug Co. vs.

Sanders (E.D.N.Y., 1952), 108 F.Supp. 674, affirmed, 2 Cir., 204 F.2d 125 (1953).

Second, income taxes paid during the period in question. In the absence of mitigating circumstances, which do not appear here, these are not proper deductions. L. P. Larson, Jr., Co. vs. William Wrigley, Jr., Co., 277 U.S. 97 (1928); Alfred Bell & Co. vs. Catalda Fine Arts, 2 Cir., 191 F.2d 99, 106 (1951); Sheldon vs. Metro-Goldwyn Pictures Corporation, 2 Cir., 106 F.2d 45, 53 (1939), affirmed 309 U.S. 390 (1940); Goodyear Tire & Rubber Co. vs. Overman Cushion Tire Co., 6 Cir., 95 F.2d 978, 985 (1938); certiorari dismissed on motion of petitioners, 306 U.S. 665 (1939).

Third, compensation to Wolfe and his partners for services rendered to the business. This is not a proper deduction under the facts of this case. Callaghan vs. Myers, 128 U.S. 617 (1888); Duro Co. (of Ohio) vs. Duro Co. (of New Jersey), 3 Cir., 56 F.2d 313, 315 (1932); Champion Spark Plug Co. vs. Sanders (E.D. N.Y., 1952), 108 F.Supp. 674, 678, affirmed, 2 cir., 204 F.2d 125 (1953).

Finally, Wolfe assigns as error the inclusion in the judgment of an allowance to appellee for counsel fees. In the light of the judicial determination that the infringment was deliberate and fraudulent, this allowance was proper. National Van Lines Co. vs. Dean, 9 Cir., 237 F.2d 688, 694 (1956).

Affirmed.

(Endorsed:) Opinion. Filed Nov. 27, 1959.

Paul P. O'Brien, Clerk.

[Title of Court of Appeals and Cause No. 16,157.]

JUDGMENT

Appeal from the United States District Court for the Northern District of California, Southern Division.

This cause came on to be heard on the Transcript of the Record from the United States District Court for the Northern District of California, Southern Division, and was duly submitted.

On consideration whereof, it is now here ordered and adjudged by this Court, that the Judgment of the said District Court in this cause be, and hereby is affirmed.

(ENDORSED) Judgment
Filed and entered: November 27, 1959
PAUL P. O'BRIEN, Clerk

FILE COPY

Office-Supreme Court, U.S.
FILED
MAY 12 1960
JAMES R. BROWNING, Clerk

In the Supreme Court

OF THE

United States

OCTOBER TERM, 1959

No. 734

BERNARD M. WOLFE, doing business under the names and styles "Dutch Paint Company" and "Manning-Mitchell Paint Company,"

Petitioner,

vs.

NATIONAL LEAD COMPANY, a corporation,

Respondent.

PETITION FOR REHEARING ON DENIAL OF WRIT OF CERTIORARI to the United States Court of Appeals for the Ninth Circuit

BERNARD M. WOLFE,
2002 Russ Building,
San Francisco 4, California,
In Propria Persona.

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Respondent.

PETITION FOR REHEARING ON DENIAL OF WRIT OF CERTIORARI to the United States Court of Appeals for the Ninth Circuit

Petitioner files this Petition for Rehearing on his own behalf, asking a reconsideration of the denial by this Court of the Writ of Certiorari filed in this case

by petitioner's former attorneys. Petitioner submits that there are substantial grounds warranting the Writ of Certiorari which were not presented for consideration by this Court in the original Petition for Certiorari.

Petitioner prays that the Writ of Certiorari issue to review a final judgment of the United States Court of Appeals for the Ninth Circuit entered on its Docket No. 16157 on November 27, 1959; and to review an interlocutory judgment of the United States Court of Appeals for the Ninth Circuit entered on its Docket No. 13737 on May 17, 1955. Petitioner further prays for a reconsideration by this Court of the denial of his petition to review the interlocutory judgment entered May 17, 1955 (October term, 1955, Wolfe et al., doing business as Dutch Paint Co., etc. v. National Lead Co., November 7, 1955, 350 U.S. 883).

QUESTIONS PRESENTED

1. Is the imposition of a quarter of a million dollar judgment, in a trademark action, where there is no evidence of loss by the party infringed, a violation of the Eighth Amendment to the Constitution of the United States (Excessive bail shall not be required, *nor excessive fines imposed*, nor cruel and unusual punishment inflicted)?

2. Is it a violation of the Fifth Amendment to the Constitution of the United States (No person shall . . . be deprived of property without due process of law), to impose a quarter of a million dollar judg-

ment in a trademark action where there is no evidence of loss by the party infringed,

(a) by an arbitrary and capricious finding of profit to the infringer which was arrived at by the fiction of eliminating the true cost of executive salaries from the expenses of doing business, and

(b) by the exclusion of losses sustained during the period of infringement in the computation of the total profits?

REASONS FOR GRANTING THE WRIT

The punishment does not fit the crime. This was a "de novo" decision. The judge who heard the witnesses died before rendering a decision, but not before indicating throughout the record that he accorded little weight to the so called "confusion" evidence admitted. The Judge who took over the case studied the 2426 page record for more than a year, and after listening to extensive oral arguments by counsel, decided all the facts and conclusions of law in favor of petitioner.

White cannot be *black*. It was necessary for the Court of Appeals to decide every inference of the case completely against petitioner, contrary to all the rules of equity and law in fraud cases. The overwhelming majority of instances of "confusion" was submitted by self-interested employees, agents and dealers of the plaintiff. In the retail customer category, plaintiff called but one witness for testimony in open court, and he was not an ordinary purchaser of

paint exhibiting the buying habits normally expected of him.

This is not a clear case of petitioner having knowledge of wrongdoing and yet proceeding wilfully to do wrong at his own peril. In the early spring of 1948, 16 months before receiving a notice of infringement from the plaintiff, petitioner consulted an experienced trademark attorney to determine his rights. He was unequivocally advised that he had full legal right to use the word "Dutch" and "Dutch Paint" in the promotion and sale of his products. Four years later a United States District Court Judge affirmed this advice. It is completely unreasonable, therefore, to punish petitioner for fraud for exercising rights which he and the District Court believed to be his own. Even if the Court of Appeals could infer intentional misleading it failed to distinguish between intent to deceive and the correct intention in this case, which was the intent of the petitioner to exercise what he believed (and Attorney Naylor and Judge Murphy believed) to be his absolute legal right.

Petitioner served his country on active duty as a Naval Officer for almost twelve years before and during World War II. He had an outstanding record, both morally and for his devotion to duty. On termination of his active duty Secretary of the Navy Forrestal wrote to him, "The Nation's gratitude will go with you into civilian life". Surely Petitioner does not ask for too much when he requests this Court to review a decision of the Court of Appeals characterizing his actions as "fraudulent" when that Court

never saw nor heard the petitioner, nor any other witness, and especially since this decision was a reversal of a finding that Petitioner's conduct was blameless.

This case was never presented nor tried on a theory of fraud and no defense was ever made to such a charge. The finding of fraudulent misrepresentation by the Court of Appeals was based solely on inferences which the Court read into a cold record. Had Plaintiff presented the case on the theory of fraud originally, petitioner would have requested a Jury to determine this critical fact. The case developed from a technical Declaratory Judgment action by Petitioner who sought advice from the Court as to his legal rights in a field uncertain to a layman. The purpose of this type of action is to minimize the damages which might accrue. Petitioner made every effort to shorten the litigation, including a motion for a Summary Judgment which was successfully opposed by plaintiff who took depositions all over the Eastern states, the Northwest, Far West, and Hawaii. Now, 11 years later, after being advised by the Federal District Court that he had the legal right which he believed to be his, petitioner is faced with an excessive fine and the cruel and unusual punishment of being branded a fraud without having been specifically tried for fraudulent action. He has been forced to give up his business and is ordered to pay a quarter of a million dollar judgment for profits never realized by him and for damages never inflicted upon the plaintiff. Neither equity nor reason can sustain such a judgment.

In *Nebbia v. New York,* 291 U.S. 502, this Court held "the guaranty of due process . . . demands only that the law shall not be unreasonable, arbitrary or capricious, and that the means selected shall have a real and substantial relation to the object sought to be attained". The Court of Appeals directed an accounting of petitioner's profits pursuant to the rule of *Mishawaka Mfg. Co. v. Kresge Co.,* 316 U.S. 203, which held that "the plaintiff is not entitled to profits demonstrably not attributable to the unlawful use of his mark". Despite this holding the Court of Appeals "unreasonably, arbitrarily, and capriciously" refused to permit petitioner to demonstrate that profits computed excluding executive salaries for manufacturing and sales, were profits demonstrably not attributable to the unlawful use of Plaintiff's mark. Salaries sought to be included as legitimate business expenses were paid to the partners for performing the functions of plant superintendent, purchasing officer, credit manager, personnel manager, salesman and sales manager, advertising manager, and general executive officers of the business. The partners performed these functions and if they had not done so they would have had to pay someone else to do the work which they did. There is no question as to the reasonableness of the amounts claimed, $12,000 per year for each of two partners. The Court permitted this amount to be charged to expenses during the period that petitioner operated as a Corporation, but unreasonably refused to concede that the same amount should be deducted from the profits each year during the period that petitioner operated as a partnership. Yet the Court

had no trouble deciding that petitioner should be accountable for profits made by the corporation during the years 1946, 1947, and 1948 when the corporation, dissolved in 1948, should have been responsible. The exclusion of a real cost of doing business which must of necessity be borne by Plaintiff or any other manufacturer, constitutes a deprivation of property without due process of law, since these fictitious profits are "demonstrably not attributable to the unlawful use of plaintiff's mark".

Similar reasoning indicates the error of a holding that losses incurred from sales of Dutch Paints during the term of the accounting should not be deducted from profits. Petitioner is being held to account for the profits received from the use of the infringing mark for a ten year term. The division of the ten year term into annual accounting periods is done only for convenience in accounting. Whether a profit is considered to be made during a specific annual period depends entirely upon the accounting practice employed, the methods of depreciation or allocation of expenses used for the particular period. If for example, a large amount of advertising is done in one calendar year to induce sales the next year it is possible that there will be a resulting book loss the first year and a corresponding profit the next year when the advertising expense is curtailed. It is illogical to contend, as does the Plaintiff, that the profit should be counted but the loss omitted from consideration. "The plaintiff is not entitled to profits demonstrably not attributable to the unlawful use of his mark". If petitioner lost $20,000 this year selling Dutch Paint

under his accounting system but made a profit of $30,000 next year, the profits to which plaintiff is entitled are $10,000 since the balance is demonstrably not attributable to the unlawful use of his mark. Arbitrary exclusions of losses of this type constitute deprivation of property without due process of law.

CONCLUSION

For the foregoing reasons, petitioner prays that this petition for rehearing on denial of the writ of certiorari should be granted.

Dated, San Francisco, California,
May 10, 1960.

Respectfully submitted,
BERNARD M. WOLFE,
In Propria Persona.